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EC Commissioners Challenge Members On Farm Spending

BRUSSELS — The European Commission on Tuesday ordered new farm spending to ensure continued normal functioning of the 12-nation European Community. The action was a direct challenge to the commission's own earlier decision to end the EC cash crisis.

Several member governments are expected to challenge the commission's right to order measures beyond the EC's legal spending limits.

The unanimous decision by the 4-member body, which runs the EC's day-to-day affairs and is the guardian of its founding treaty, came as a surprise to EC foreign ministers meeting here, diplomats said.

The foreign ministers failed to agree on ways of tackling the deficit after Britain, which argued that the EC must learn to live within its means, vetoed the raising of extra cash this year.

The commission's agriculture director, Claude Villain, called it a "trial of strength" between the commission and the Council of Ministers.

Officials said the commission would not be held hostage by the inability of the ministers to agree on ways to resolve the crisis.

The commission, hitherto considered too weak to stand up to the powerful Council of Ministers, is expected to pay, starting next month, only a proportion of the cash owed to farmers. This would save member nations to find the rest.

Mr. Villain said the decision was prompted by the failure of the Council of Ministers, which is responsible for implementing general economic policy, to implement last month's commitments at the Fontainebleau summit conference.

Mr. Villain did not put a value on the measures announced by the commission, but officials said they would cost more than 400 million European currency units (\$325 million).

The commission has estimated additional needs this year at the equivalent of more than \$1.6 billion, and Mr. Villain said the new spending was within this amount.

Mr. Villain said that the EC planned to sell off large quantities



Campaign workers at Labor Party headquarters in Tel Aviv show their disappointment upon hearing a televised projection that the party would win fewer seats than it expected.

Israeli Parties Moving To Form Coalitions After Labor Gains Most Seats

By Edward Walsh
Washington Post Service

JERUSALEM — Nearly complete returns from parliamentary elections in Israel gave the opposition Labor Party a slim lead Tuesday, but Prime Minister Yitzhak Shamir was already seeking to line up support for a new governing majority.

Mr. Shamir was thought likely to succeed, but Shimon Peres, the Labor leader, was also seeking backing for a coalition.

The vote was so inconclusive that Israel appeared headed for weeks of political party negotiations likely to produce a shaky, patchwork government coalition.

The unofficial returns from all voters put those serving in the military showed the opposition Labor Party winning 45 seats and the governing Likud bloc 41 or 42 seats in the 120-member parliament.

An absolute majority of 61 votes is needed to form a government coalition, and the two major parties were already engaged in a scramble for the allegiance of the 13 other parties that won Knesset seats.

Despite Labor's narrow plurality, the Likud appeared to have a slightly better chance than Labor of forming the next government. But it will be a difficult task for either major party to assemble the needed support from among the widely divergent smaller parties.

Early Tuesday, Likud officials confidently predicted that they would be able to assemble a parliamentary majority. Senior Likud officials met with Prime Minister Shamir, who briefed them on the contacts he had made with some of the smaller parties.

Labor Party leaders also met, but issued no statement on what was clearly a disappointing outcome from the voting. There was speculation about the party attempting to form a minority government with the passive support of two small parties elected largely by the votes of Arab Israelis.

Israelis spent much of the day Tuesday studying the shifting results for clues to what kind of government was likely to emerge. It was possible, depending on a virtually endless series of factors, to construct the formation of either a Likud- or Labor-led coalition.

But the consensus was that the Likud probably was in a slightly stronger position than Labor. Sev-

Results in Israel Reflect Wide Divisions, Inertia

By Edward Walsh
Washington Post Service

JERUSALEM — The results of Israel's national parliamentary elections reflect the workings of a deeply divided society whose extremes are growing more powerful while the majority remains frozen in disagreement and is incapable of reaching a consensus on the central issues facing the country.

Whatever government emerges from the confused picture that re-

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territories over the prospect of ever being free of Israeli rule.

The opposition Labor alignment won its first plurality of parliamentary seats in more than a decade but ended up with two fewer seats than it won in the 1981 election.

The outcome was a bitter disappointment for Labor, leaving Israel's once-proud founding political dynasty with little apparent chance of forming a coalition while it searched for ways to block creation of a new Likud-led government.

The election returns stamped Likud as a permanent and powerful force in Israeli politics, the natural home of the country's majority population of Sephardic Jews who immigrated from North Africa and Arab countries of the Middle East.

Despite a 400-percent inflation rate, a divisive and inconclusive war in Lebanon and the absence of its founding hero, former Prime Minister Menachem Begin, Likud retained the support of its Sephardic constituency and held its losses to a minimum.

Analyzing the results Tuesday morning, Hanoach Smith, an Israeli pollster, said the vote "changed very little" from 1981.

"What that really says," he added, "is that we have a very divided community in terms of political structure."

Mr. Smith said that Israelis of European ancestry remained firmly on the side of Labor and its allies, but that the country's Sephardic Jews gave overwhelming support to Likud. "The return to their political 'home' by wavering Likud voters in the Sephardic community 'made the difference,'" he said.

Complete official election re-

Weinberger Assails Critics of U.S. Forces

By Fred Hiatt
Washington Post Service

WASHINGTON — Defense Secretary Caspar W. Weinberger said Monday that recent reports criticizing the readiness of U.S. armed forces and their ability to sustain combat performed "a dangerous disservice to the United States."

Mr. Weinberger did not question the facts on which a congressional proposal to ramp up the U.S. Joint Chiefs of Staff causes a heated debate. Insights, Page 6.

'Charlie' Gets A Facelift

The Associated Press

BERLIN — The eastern part of the "Checkpoint Charlie" border crossing here will undergo reconstruction work beginning Aug. 1, possibly causing delays in transit, the East German Foreign Ministry said Tuesday.

The ministry notified Western embassies about the plan, advising their personnel to use other checkpoints in the divided city during construction. Western diplomats said. The ministry did not say what kind of work was to be done or how long it would last.

The border crossing, nicknamed Checkpoint Charlie by American troops occupying West Berlin after World War II, is used only by foreign diplomats and tourists, who are subject to different regulations than are Germans.

Continental Bank, U.S. Said to Agree on Plan

By James L. Rowe Jr.
Washington Post Service

WASHINGTON — Continental Illinois National Bank & Trust Co. and federal regulators have agreed on the outline of a \$4.5-billion rescue plan that would be tantamount to nationalization of the bank, banking sources said.

It would be by far the largest injection of U.S. funds into a commercial bank.

The sources said Monday that although details of the final plan might change, Continental's board had agreed to sell the Federal Deposit Insurance Corp. \$3 billion of the bank's bad loans for \$2 billion in cash.

The government would also buy \$1.5 billion of newly issued Continental securities, which, in effect, would give the government control of the eighth-biggest U.S. bank, sources said.

As a further assurance to depositors, banking sources said, the government has agreed to buy up to another \$1.5 billion of Continental loans if need be, although how the government would pay for these loans was unclear on the reports.

Government sources said last week that the FDIC did not want to become involved in running the bank, but would use its status as principal investor to be able to veto any director elected by Continental's shareholders.

In return for the \$1-billion contribution to Continental's capital, the FDIC would receive securities that could be converted into Continental stock. The government eventually hopes to sell those shares when the new Continental attracts depositors on its own.

By buying most or all of Continental's problem loans, the government hopes to create a healthy but smaller bank capable of earning money quickly off its remaining portfolio of good loans. Both the bank and the government hope that Continental will then be able to attract depositors on its own.

The bank has also been selling off some of its assets in the last two months to create a smaller institution that would not need to attract depositors in the same numbers as the bank before the crisis that nearly toppled the bank in May. But not other banks and the federal government intervened with a temporary rescue package, Continental would have failed.

The FDIC's purchase of Continental loans and securities would come from the agency's \$16-billion trust fund, which has been built up

study based its conclusion that readiness and sustainability declined between 1982 and 1983 despite record military budgets. But he said the conclusion was erroneous and warned that its wide dissemination could be harmful.

"The potential danger is that people, our foes and some of our friends, will get a wrong and incorrect impression of both our capabilities and our resolve," Mr. Weinberger said at a news conference.

"That, in this kind of world where there's an essential part of deterrence, is I think, a dangerous disservice to the United States."

Representative Joseph P. Addabbo, Democrat of New York, chairman of the House subcommittee that prepared the report, disagreed, saying that the Pentagon had "succeeded in ensuring that its readiness information was divulged."

"I think we do a great service to our national security," he said. "By publicizing the report and spotlighting it, maybe we'll get some attention to the waste and fraud."

Mr. Weinberger's appearance with General John W. Vessey Jr., chairman of the Joint Chiefs of Staff, represented the administration's third attempt this year to deal with the sensitive election-year issue of whether U.S. military capability has improved proportionately to increased spending under the Reagan administration.

General Vessey called a news conference in March to dispute internal Pentagon reports suggesting that army and air force readiness had declined between 1980 and 1983, and in May, the Defense Department released a 125-page report titled "Improvements in U.S. Warfighting Capability, FY (Fiscal Year) 1980-84."

The third news conference Monday was prompted by an 18-month investigation by the House Appropriations Committee. The report, based on research that ended in July, said that "the army does not have the men and material to sustain combat operations in a major contingency" and the navy could not sustain a full war against the Soviet Union for more than a week.

General Vessey said the assertion about the navy was "simply not the case," but he and Mr. Weinberger declined to discuss the issue of how many days of missiles, spare parts and other equipment it had on hand.

"We're not building a force to march out against the Russians and defeat them," General Vessey said. "We're building a force that, in conjunction with our allies, will deter a war, keep the peace."

Mr. Weinberger said that "we have a long way to go" but "have enormously increased" war-fighting capability since 1980.

"It is there, it is a fact, it is improving all the time," he said.

Mr. Weinberger said accounts of

Reagan Landslide or Narrow Mondale Lead: U.S. Polls Vary

By Barry Sussman
Washington Post Service

WASHINGTON — In recent weeks the American public has been barraged by a series of opinion polls that give widely conflicting depictions of the 1984 presidential election, ranging anywhere from a Reagan landslide to a narrow Mondale lead.

The polls have shown fluctuations in the past, but not on the present scale. Last week an NBC News poll had President Ronald Reagan ahead by 26 percentage points; this week a Gallup Poll has Walter F. Mondale ahead by 2 points.

Some pollsters question whether the public is just volatile, a standard explanation, or whether the surveys have internal problems. Some poll samples, for example, include one-third more Republicans than others.

William Hamilton, a poll-taker who works for Democratic candidates, says he guesses that "close to half the variability from poll to poll is real change, and that slightly more than half is technique."

In general, the polls seem to show Mr. Mondale closing the gap.

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But even that finding is not consistent. Six successive Gallup Polls in June and July have shown Mr. Reagan ahead by 9 percentage points. 17 points, 8 points, 6 points and 14 points, and then trailing by 2 points.

The Harris Survey showed Mr. Reagan ahead by 15 points in June and by 8 in July.

The New York Times-CBS News Poll and The Washington Post-ABC News Poll have been more internally consistent, but also consistently different from each other. The Times-CBS survey showed Mr.

Reagan with a 15-point lead in June and the same lead in July; the Post-ABC poll gave Mr. Reagan an 8-point lead in May and a 7-point lead in July.

Why all the rapid change?

The new Gallup Poll, done for Newsweek and showing Mr. Mondale jumping to 48-percent support and Mr. Reagan at 46 percent, was taken Thursday and Friday as the Democratic National Convention in San Francisco came to a close. Polls traditionally show such gains for a candidate immediately after his party's national convention.

In that light, a surge for Mr. Mondale was expected, although few if any political observers anticipated that he would equal or pass Mr. Reagan. Similarly, many observers now predict that Mr. Reagan will gain after the Republican convention in August.

History demonstrates that in all but runaway elections, such sum-

mer time polls are poor guides to November results.

One apparent reason for the fluctuation in some of this year's results has been variation in the proportion of Republicans interviewed from poll to poll. Since about four of every five Republicans support Mr. Reagan, a small increase or decrease in the number of Republicans interviewed could cause sharp changes in the results.

Since June, the Gallup Poll alone has had marked differences in the percentages of Republicans interviewed. In three telephone surveys, either 24 or 25 percent of those interviewed said they were Republicans. The proportion is similar in the Post-ABC and the Times-CBS polls.

But in three other Gallup Polls, conducted in the interviewers' homes, 30 to 33 percent of those interviewed said they were Republicans. As might be expected, Mr. Mondale's support has been much

Chinese Farmers Asked To Return Great Wall

By Christopher S. Wren
New York Times Service

BEIJING — Farmers in an area north of Beijing are being asked to return pieces of the Great Wall they may have carried off to build houses and, among other things, pigpens.

The request is part of a campaign begun this month to restore the section of the ancient wall that runs through the mountainous northern rim of the municipality of Beijing.

Major vandalism along the Great Wall north of Beijing occurred during the Cultural Revolution, said Zhang Zhibao, a reporter for the Beijing Evening News who is helping to run the campaign.

"For example, some peasants dismantled sections of the Great Wall to repair their houses. One of the points of the present drive is to tell the residents living around the Great Wall to bring back the bricks they took away."

Authorities have pledged to get the local farmers to turn in chunks of the wall by offering to supply substitute building materials.

The drive, organized by four Beijing-based newspapers, is concentrating initially on Badaling, a section 50 miles (80 kilometers) north of Beijing frequented by tourists, but organizers hope that enough money will be raised to extend the restoration to other parts.

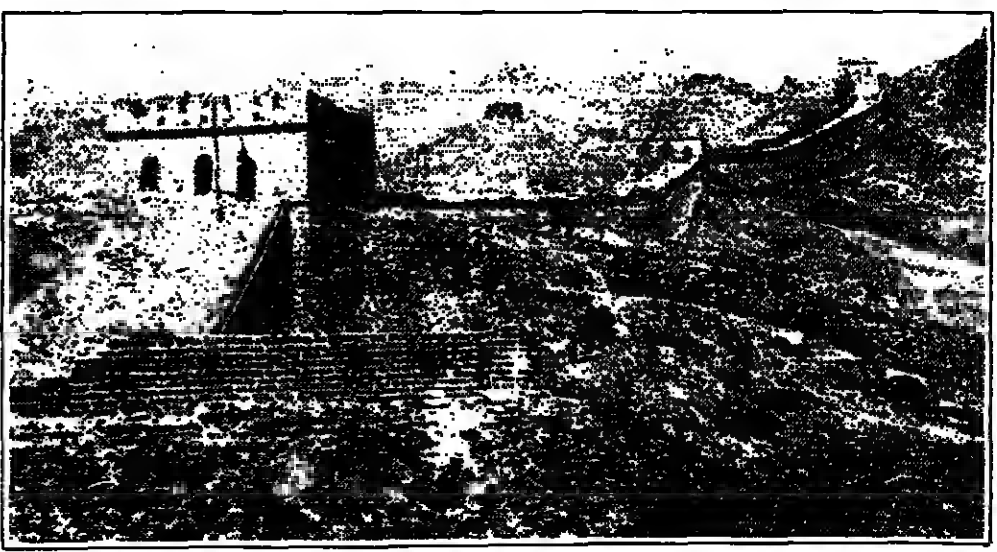
Construction of the Great Wall started 2,500 years ago in an effort to keep out the marauding northern nomads who lived in what are now Mongolia and Manchuria. Astronauts said that the Great Wall was the only man-made feature visible from the moon.

However, extensive portions of it have crumbled away over the centuries. Since 1950, the government has allocated more than \$1 million to repair the wall, notably at Badaling, which was made a historic site in 1961.

Beyond this showcase area, which President Ronald Reagan visited in April, the once formidable wall has been allowed to deteriorate.

The current campaign was galvanized by a recent aerial survey that found only one-sixth of the Great Wall north of Beijing still intact, with two-thirds in ruins.

"In some areas, the damage is relatively great," the Beijing Evening



The Great Wall in 1933, showing damage before restoration for tourists.

News reported last month. It said that almost no traces of the wall are left for distances up to 20 miles. In one 12-mile section, it said, "there are only dikes of earth amidst the wild grass."

The survey did not include the remainder of the Great Wall, which seems likely to be in even worse shape.

The Beijing Evening News teamed up early this month with the Beijing Daily, the Workers Daily and the Economic Daily to kick

off the drive to renovate the wall as a national heritage.

"The Great Wall is the symbol of the Chinese nation," Mr. Zhang said. "Loving and repairing the Great Wall will reflect the patriotic feelings of the Chinese people."

The newspaper announced that the equivalent of about \$240,000 had been sent in by donors. Mr. Zhang said 80 percent of this came from organizations.

When China started another fund-raising campaign earlier this year to save the endangered panda, Chinese companies using the panda as their symbol were urged to contribute.

No such pressure has been put on companies using the Great Wall as their brand name, which is almost as common as the panda in China.

But the Great Wall Hotel, a joint Chinese-U.S. venture in Beijing, and a factory manufacturing Great Wall raincoats have each sent in

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Labor Tension From Air Base Strike Continues to Strain U.S.-Greek Ties

By Paul Anastasi
New York Times Service

ATHENS — For many Greeks and Americans, the most visible line of confrontation in the strained relations between the two governments has been at an Athens traffic junction a mile from the international airport.

The scene is near the entrance to the U.S. air base known as Hellenikon, where for the last two weeks Greek workers have been on strike over wages and working conditions.

Strikes by Greek workers at the U.S. bases are not unusual; there have been 14 at Hellenikon since 1978. And officials say the union demands do not seem insurmountable.

Yet Greek and U.S. officials agree that this strike has been the worst, in its duration, its occasional violence and its high level of mutual suspicion and hostility.

To make matters worse, the strike started during a crisis in relations between the two governments. U.S. and Greek officials said the political tension has eased. It rose earlier when members of the Reagan administration criticized what it called the Socialist government's anti-U.S. policies and its purported toleration of international terror-

ism. Both sides seem to be making conciliatory gestures. But the strike problem persists, and according to the commander of the Hellenikon air base, Colonel Nelson Lovegren, it has become the primary issue of negotiation at the U.S.-Greek Joint Commission, which was set up by the two governments to oversee the functioning of the base agreements.

On Monday, tension at the base rose another notch when the union announced that the strike would be extended 10 more days. There was a rally in front of the base entrance. The strikers said they would march to Parliament to deliver a statement.

Last week, Montague Stearns, the U.S. ambassador, met with Prime Minister Andreas Papandreu, and won a promise from the Greek leader to deal with the U.S. military's main grievance, the hindrance posed by strikers to personnel wanting to enter the base. The day after the meeting, Mr. Papandreu, risking criticism from the left, ordered the police to evict the strikers forcibly from the entrance to the base.

Police and strikers have remained in the vicinity of the entrance in an uneasy calm. Access to the base is now said to be more normal. The strike's origins go back to

last year when the 1,600 Greek employees at the four main U.S. bases in Greece demanded changes that would increase their wages and reduce working hours from 39 a week to the 37.5 that prevail in the Greek public sector. The U.S. military rejected the demands, saying they would mean a 30-percent increase in the annual payroll of \$12 million.

The strikers took their case to the Labor Arbitration Court and won. The ruling was immediately ratified by Labor Minister Evangelos Yannopoulos.

The U.S. base commander said the wages on base are at least 8 percent over those paid in the Greek economy. The U.S. Embassy and military authorities are convinced that the Greek Communist Party is behind the agitation.

The U.S. negotiators have refused to accept the ruling of the Labor Arbitration Court on the ground that the original 1960 record and the agreement signed with Greece last year specifies that all such issues are the responsibility of the joint commission.

According to Colonel Lovegren, 30 militant strikers led by the union leader, George Alexandrou, recently broke into a hotel serving as an officers club and terrorized the Americans and their families in a hunt for strikebreakers.



Prime Minister Yitzhak Shamir gets a kiss from Haim Druckman, leader of a small religious party, as Deputy Prime Minister David Levy, right, and Transportation Minister Haim Corfu look on. Mr. Shamir proclaimed that his Likud coalition won the election.

Israeli Vote Reflects Divisions, Inertia

(Continued from Page 1)

turns are not expected for several days and there may be some slight shifts of strength among the record-matching 15 parties that won Knesset seats. But from the nearly complete, unofficial returns, the broad outline of the Israeli political landscape was evident.

Above all, the election confirmed the overwhelming sense of dead lock and inertia that permeates Israeli politics. The little political movement that could be detected appeared to signal a continuing drift to the right and a hardening of attitudes toward Israel's relations with the Palestinians and the Arab countries.

Labor and its two most closely allied parties, Shinui and the Citizens' Rights Party, won 51 parliamentary seats among them — one more seat than the three parties, in a slightly different combination, captured in 1981.

It was those parties, which advocate negotiations for the return of part of the West Bank to Jordan in return for a peace treaty, that the Reagan administration and many Jewish groups in the United States hoped would lead the way toward a revival of the Middle East peace process. But the election returns showed that the parties, and the people they represent, remain a sizeable but distinct minority in the overall Israeli population.

Within the religious community, the movement was toward orthodox fundamentalism. Two parties representing "ultra-orthodox" Jews captured six seats, a gain of two from 1981, while the more moderate and once mainline National Religious Party continued its steady decline, from six seats in 1981 to four seats now.

Likud appeared to have lost six or seven seats, but its even more rightist ally, Tehiya, or the Zionist Revival Movement, gained one.

It was at the extremes in the political spectrum that some changes could be detected. Two parties largely supported by Arab

Israelis, the communist Democratic Front for Peace and Equality and the Progressive List for Peace, captured a total of six seats, a gain of two from 1981.

Neither is considered an acceptable partner in any Israeli government, putting them in the parliament but effectively on the sidelines in terms of impact on policy.

But the most startling outcome for Israel was the triumph of Rabbi Meir Kahane's Kach Party, which won one seat for its leader, the founder of the extremist Jewish Defense League in the United States.

The U.S.-born rabbi, until now considered a fringe figure in Israeli society, advocates the forcible expulsion of Arabs from Israel, the West Bank and the Gaza Strip.

The middle produced by the election was due in considerable part to the workings of the Israeli political system of strict proportional representation. Under it, any party that receives 1 percent of the

vote is guaranteed a seat in parliament.

For years, critics have said that the system gives far too much leverage to small, narrowly based parties that pursue their own interests at the expense of the national interest. There have been numerous suggestions for change, including a raising of the 1 percent threshold to 3 percent while retaining the proportional representation mechanism.

In Monday's voting, only five of the 15 parties to capture seats in the parliament exceeded 3 percent of the vote.

The same kind of political inertia that has consistently smothered all attempts to change the electoral system also clearly contributed to Labor's dismal performance.

Turn by internal divisions that were papered over for the campaign, Labor went to the electorate with a familiar cast of candidates who have retained an iron grip on the party leadership through its seven years of largely ineffectual opposition.

Israeli Parties Moving To Form Coalitions

(Continued from Page 1)

to give this task to the opposition leader, Mr. Peres. But the president's party affiliation has traditionally not been a factor.

Complete returns are expected to be published in about a week. In the meantime, the Likud and Labor are expected to engage in furious maneuvering as each seeks the allegiance of the small parties.

The process could be delayed by attempts to explore the possibility of a "government of national unity" including both the Likud and Labor. Mr. Shamir and some other politicians have called for this, but Labor has rejected the idea.

The problems involved in government formation after such an indecisive election can be immen-

sely complicated. For example, for the Likud to form a government, it is likely to need the support of the Yahad party of former Defense Minister Ezer Weizman, which is projected to win two or three seats.

However, a Likud ally, the rightist Tehiya party, which won four seats, has said it will not serve in a government with Mr. Weizman unless he is given only a relatively minor post. Mr. Weizman took part in the Camp David peace talks, which Tehiya bitterly opposed.

But Mr. Weizman is also being courted by Labor, which would probably be willing to offer him an important government position.

The Labor alignment faces as much or more difficulty in gaining power. It appeared to need the help of at least one religious party, rising alienating a longtime ally, the Citizens' Rights Party, which has said it will not participate in a government that includes the religious parties.

■ Currency Rules Tightened

The Shamir government tightened currency control regulations Tuesday and promised quick and drastic action to curb inflation, Reuters reported from Jerusalem.

Finance Minister Yigal Cohen-Orgad announced that a 15-percent value-added tax would take effect Wednesday on foreign-exchange transactions.

Fabius Vows to Maintain France's Austerity Plan

By John Vinocur
New York Times Service

PARIS — Prime Minister Laurent Fabius pledged Tuesday to maintain the Socialist Party's economic austerity plan, saying France has no other choice than "modernization or decline."

Outlining his government's program to the National Assembly, Mr. Fabius, who took over last week as prime minister from Pierre Mauroy, signaled no major changes, and made clear the government would go ahead with the industrial restructuring program.

With a Socialist majority in the Assembly, Mr. Fabius was certain to win a vote of confidence on his program late Tuesday night. The Communist Party, which left the government last week, was expected to abstain.

Mr. Fabius offered little that was precise in a dispassionate delivery that contrasted with the more emotional style of his predecessor. Looking toward the Communist benches, the prime minister spoke of unemployment as "this cancer, this heart-rending phenomenon. But it was his only apparent gesture toward the Communists.

Instead, he offered a justification of the austerity program. "Any real improvement in employment involves growth," he said. "Durable growth supposes a solid production apparatus, and any apparatus of production requires modernization in order to deal with competition."

Along with modernization, Mr. Fabius said that the theme of bringing the French together was an equally important priority. This was a reference to the divisions that

have grown in the country after the attempts of Mr. Mauroy's government to reorganize the largely Roman Catholic private school system. The effort was met by wide protests, and the bill was withdrawn by President Francois Mitterrand.

As expected, he rejected a call Sunday by Jacques Chirac, the mayor of Paris and the leader of the neo-Gaullist Rally for the Republic party, for dissolution of the Assembly and the holding of new elections. National legislative elections are scheduled for 1986.

Mr. Zhang said a few foreign donations have come in, but so far "not very much."

After the Badaling section has been renovated on either side of the present tourist site, the work will continue at Mutianyu, another section northeast of Beijing that is scheduled to open in late autumn to alleviate the congestion at Badaling.

The problem has been handled so far by putting the worst parts of the Great Wall off limits to foreign tourists.

WORLD BRIEFS

100 More Arrested in U.K. Coal Strike

LONDON (Reuters) — Police arrested 100 persons in clashes with miners Tuesday as attitudes hardened in Britain's 20-week coal industry strike over the government's plans to close pits that lose money.

The leader of the National Union of Mineworkers, Arthur Scargill, pledged to fight to the finish, saying "we are absolutely certain we will win." Prime Minister Margaret Thatcher told Parliament that she would never yield to violence and intimidation in the dispute because "that is the end of democracy in this country."

A Thatcher aide said that the government was "battering down for long dispute." Energy Minister Peter Walker has estimated that coal stocks will last well into 1985.

Pickets scuffled with police near steelworks in South Wales and outside coal pits in Scotland and Lancashire. Twenty-six persons were arrested when miners used their cars to block the Humber bridge in eastern England.

869 Released Under Polish Amnesty

WARSAW (Combined Dispatches) — Polish authorities continue freeing prisoners Tuesday under a general amnesty, while a government spokesman downplayed reports that the United States might ease some of its sanctions against Poland.

"I think we can say in advance that there will be no serious steps by the American side," said Jerzy Urban, the government spokesman. Trade and cultural exchange restrictions were imposed by the United States following the December 1981 military crackdown that suppressed the labor union Solidarity.

More than 1,800 people, including 52 political offenders, have so far benefited under the amnesty, and the official PAP news agency said Tuesday night that 869 had been released. The rest had had their sentences reduced or penal proceedings halted. (AP, Reuters)

Frenchman to Head EC Parliament

STRASBOURG, France (Reuters) — Pierre Pflimlin, a French Christian Democrat, was elected Tuesday president of the European Parliament for a two-and-a-half year term.

Mr. Pflimlin, 77, a former prime minister, won on the second ballot with 221 votes against 133 for Piet Dankert, a Dutch Socialist who was the outgoing president. Alvaro Spinelli, an Italian independent, received 49 votes.

Mr. Pflimlin won after the British Conservatives and Jean-Marie Le Pen's extreme rightist group withdrew their respective candidates from the contest and gave him their official backing.

Sandinist Foe Returns to Nicaragua

MANAGUA (UPI) — The presidential nominee of the Nicaraguan Democratic Front, elected Tuesday president of the European Parliament for a two-and-a-half year term.

Mr. Pflimlin, 77, a former prime minister, won on the second ballot with 221 votes against 133 for Piet Dankert, a Dutch Socialist who was the outgoing president. Alvaro Spinelli, an Italian independent, received 49 votes.

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Dutch to Legalize Pornography Sales

THE HAGUE (Reuters) — The Dutch government said Tuesday it plans to legalize pornography for adults, drawing immediate protest from women's groups and some political parties.

Frederik Kortbeek, the minister of justice, said a bill would be submitted to parliament this year to permit the sale of pornographic materials to those over 16. Pornography is already widely available in the Netherlands.

The bill won immediate backing from the Labor and Liberal parties, which together are sufficient to assure it a majority in parliament. Feminist groups denounced the move, saying pornography appeared to encourage violence against women.

Spain Seizes 4 Iranians in Alleged Plot

MADRID (WP) — Spanish police on Tuesday arrested four Iranians allegedly fanatical supporters of Ayatollah Ruhollah Khomeini, who were reportedly planning to attack a Saudi Arabian aircraft.

Police said the four were also suspected of an abortive grenade attack last year against the U.S. Embassy in Madrid. The grenade fell short and blew up a car outside the building.

Police said one of the men, identified as Seye Jabbar Hosseini, 29, was suspected of organizing an attack on the airport and the assassination of an unidentified opponent of Ayatollah Khomeini.

Beijing Sees Motive in Hanoi Attacks

BEIJING (WP) — China on Tuesday accused Vietnam of escalating attacks across their mutual border with the intention of poisoning relations between Beijing and Moscow.

The Official China News Agency said Hanoi hoped "to put a spoke in the wheels of Sino-Soviet relations" because it feared that improved ties would mean an end to Soviet military support for Vietnamese troops occupying Cambodia.

Although Beijing has long been urging Moscow to stop its military aid to Hanoi as a condition for better Chinese-Soviet relations, this was the first time China had accused Vietnam of making border attacks to frustrate normalization talks between the China and the Soviet Union.

Moscow Gets Draft of Arms Statement

WASHINGTON (WP) — The United States has sent the Soviet Union its version of what it would like to see as the joint statement announcing the proposed talks in Vienna on space weapons. The talks may take place in September.

In making the announcement Tuesday, John Hughes, the State Department spokesman, refused to describe the suggested U.S. language, saying it was being done "in diplomatic channels" rather than as a "press for success in reaching agreement."

The Russians delivered their draft of the joint statement to the State Department on Saturday. On Monday, the Soviet press agency Tass described it as saying the talks were to lead to "an agreement on the prevention of the militarization of outer space."

Nigeria Hopes to Extradite Dikko

LAGOS (UPI) — Nigeria is giving priority to building a corruption case against Umaru Dikko, a fugitive former minister of transport, to speed his legal extradition from Britain, Foreign Minister Ibrahim A. Gbambani says.

On July 5, Mr. Dikko was the object of a bizarre kidnapping attempt from his London home. He was discovered drugged and bound in a crate awaiting shipment to Lagos from Stansted airport. He was briefly hospitalized. In London on Tuesday, Scotland Yard, expressing concern about another possible attack, refused to reveal his whereabouts.

Mr. Gbambani said Monday that Nigeria's military government considered Mr. Dikko, who allegedly looted millions of dollars in public funds while in office, as its public enemy No. 1.

U.S. Planning to Train Kuwaiti Pilots

WASHINGTON (Reuters) — The Pentagon has notified Congress it intends to train Kuwaiti pilots and sell kits to upgrade U.S. Hawk anti-aircraft missiles used by Jordan and Egypt.

The Defense Department said Monday the training for 150 pilots would cost Kuwait \$78 million. The Kuwaiti Air Force flies U.S.-built A-4 fighter-bombers.

Last month the Pentagon turned down a Kuwaiti request for shoulder-fired Stinger anti-aircraft missiles after objections were raised in Congress. Under U.S. law, Congress must be notified of all major foreign arms sales.

For the Record

Sixty-eight Vietnamese boat people died of hunger and thirst during a 32-day crossing to the Philippines, according to 16 survivors who landed July 7. A spokeswoman for the United Nations High Commissioner for Refugees in Geneva said Tuesday that the refugees told of seeing 80 ships, none of which responded to their distress signals.

A Sicilian court convicted two brothers Tuesday of planning the car-bomb killing of an anti-Mafia judge and sentenced them in absentia to life imprisonment. Judge Rocco Chinnici, his two police bodyguards and a doorman were killed in the Palermo blast July 29.

The United Auto Workers opened negotiations Tuesday with Ford Motor Co., one day after bargaining began with General Motors Corp. at the two companies' expense Sept. 14. The union has warned that Chrysler Corp. may be next, even though its contract does not run out until the fall of 1985. (UPI)

Debate Grows Over London Skyline

By Michael Wise
Reuters

LONDON — The way some British architectural critics see it, London's skyline faces a threat unparalleled since the Germans bombed the city in World War II.

It is in this vein that Prince Charles, enthusiasts of Victorian and Georgian architecture, and London's leftist city authority have been speaking of plans to construct modern buildings on two prominent sites.

One target of the hostility is a 21-story office tower conceived by the

late architect, Ludwig Mies van der Rohe, for the heart of London's financial district, just across from the Bank of England.

Its construction would require the demolition of a group of Victorian shops that elicit such various descriptions as "pleasing" and "wretched."

The other proposed structure, an extension to the National Gallery, would go up at the northwest corner of Trafalgar Square. Critics say its design is incompatible with the 19th-century facades of the square.

The criticism heaped upon both buildings reflects "what appears to be widespread dissatisfaction with modern British architecture."

Prince Charles called the proposed extension to the National Gallery "a monstrous carbuncle on the face of a much-loved and elegant friend" and blasted the Mies tower as "yet another glass stump."

"What are we doing to our city?" he asked in a speech to the Royal Institute of British Architects, a profession whose members he accused of "consistently ignoring the feelings and wishes of the mass of ordinary people in this country."

At a hearing last month on the Mies plan, David Watkin, a Cambridge University art historian, said: "We would make ourselves the laughingstock of Europe if we were to lay waste to an historic part of the city."

"To throw away the lessons which have been learned in favor of a reversion to the planning attitudes of the 1950s and 1960s would be a disaster for the future unparalleled since the destruction of London by Hitler's bombs."

The Mies project was designed in the late 1960s for Peter Palmbo, a property developer and modern art lover. But now, with Mr. Mies dead for 15 years, the defense of his project has been left to others.

Richard Rogers, co-architect of the Pompidou Center in Paris, has praised the Mies tower as "a great work of art."

But Philip Johnson, who worked with Mr. Mies on the Seagram Building in New York, has written that the plan is "unimportant" and would lead to another of many "sons of Seagram."

The gallery extension includes a modern glass tower with rigging on top to fly banners. The Greater London Council said it resembles a television antenna. Prince Charles compared it to "a kind of vast municipal fire station — complete with the sort of tower that contains the siren."

The extension would be built on a site left vacant since the war, the only part of the square damaged by German bombs.

Andrew Derrick of the Georgian Society, a conservation group that has fought against the design, said that whatever goes there "should pay some sort of respect to the older buildings."

But Peter Ahrends, a member of the architectural firm that designed the extension, said he was seeking to make a contribution to the square "without producing a pastiche of the historical buildings around it."

Both projects are awaiting approval from the Department of the Environment.

Mr. Ahrends and other modern architects have been irked by the negative comments presented to the department.

"There's a very small but very active conservation view which has gotten a bit out of hand in England," said Michael Manser, president of the Royal Institute of British Architects.

He said the conservationists are seeking to keep London as a museum, the sort of place Mr. Palmbo's legal counsel told the department last week would resemble a "Dickensian Disneyland."

Much of this opposition, Mr. Manser said, stems from a combination of nostalgia and fear of change.

But Mr. Derrick of the Georgian Society said that irresponsible architects have themselves to blame for criticism. "For the last 40 years they've had full rein, and people don't like it."

Such a freeze would limit military spending to roughly \$250 billion, or \$63 billion less than Mr. Reagan sought in his fiscal 1985 budget in February and \$50 billion

Critics of U.S. Forces Assailed by Weinberger

(Continued from Page 1)

and the House majority leader, warned President Ronald Reagan on Monday that the House might refuse to approve an increase in military spending for next year if the White House continued to "stonewall" over a compromise on military-spending levels.

Mr. Wright's comments came as members of Congress began coming back to town for three weeks of work between the Democratic and Republican national conventions. The remarks appeared to signal new Democratic combativeness after their convention in San Francisco last week.

Mr. Wright accused the White House of a "transparent cop-out" in refusing to consider tax increases or cuts in military spending until after the election and said Mr. Reagan "insults the intelligence of the American people" and threatens to destroy the congressional budget-control process.

"Well, I have news for them," he said at a news conference. "We are not about to submit. We've had enough of subservience to Reaganomics."

More specifically, he said, "It's just possible we might send him a continuing resolution at [fiscal 1984] levels" if he refuses to compromise on defense spending before the new fiscal year starts Oct. 1. A continuing resolution would be a stopgap funding measure to finance departments and programs for which no appropriations bills have been passed.

Such a freeze would limit military spending to roughly \$250 billion, or \$63 billion less than Mr. Reagan sought in his fiscal 1985 budget in February and \$50 billion

less than the compromise he worked out with Senate Republicans a couple of months later.

Senate Republicans are exploring the impact of a cut in military spending to about \$296 billion, but a Republican source said Monday that Mr. Weinberger has indicated the administration still wants the full \$299 billion.

Great Wall Renovation

(Continued from Page 1)

\$4,350. Other contributors included the State Cultural Relics Bureau, the Ministry of Nuclear Energy, the China Travel Service and the state-run airline CAAC.

Mr. Zhang said a few foreign donations have come in, but so far "not very much."

After the Badaling section has been renovated on either side of the present tourist site, the work will continue at Mutianyu, another section northeast of Beijing that is scheduled to open in late autumn to alleviate the congestion at Badaling.

The problem has been handled so far by putting the worst parts of the Great Wall off limits to foreign tourists.

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Bush Sees Latin America as Major Issue

By Lou Cannon
and David Hoffman

WASHINGTON — Vice President George Bush says that Republicans will make Central America a "prime issue" in the presidential campaign because Walter F. Mondale and the Democrats do not understand the importance or nature of the Marxist threat to Central America.

"I don't believe from Mondale's rhetoric that he understands this," Mr. Bush said in an interview Monday, adding of the Democrats: "I don't believe they understand that the Sandinistas are what they say they are — they are Marxists, they have no intention of going the democratic route."

Mr. Mondale promised last week to his nomination acceptance speech, to the roaring approval of the Democratic National Convention, that he would "stop the illegal war in Nicaragua" within the first 100 days of his administration. Presumably, that would mean cutting off U.S. aid to rebels fighting the Sandinista government in Managua.

The vice president acknowledged that Mr. Mondale's position currently had public support, but insisted that the Reagan administration had "a real opportunity" if it could "get the message across" about the Sandinista leadership.

"The Democrats have been working on an erroneous premise about what has been going on in Central America," Mr. Bush said.

He said that 94 percent of the U.S.-backed rebels also had been opponents of the rightist regime of Anastasio Somoza, which the Sandinistas overthrew five years ago. Mr. Bush did not present evidence in support of his contention, and guerrilla groups have made conflicting claims about their membership.

Mr. Bush made these other points during the interview, in which he repeatedly criticized Mr. Mondale and commented only briefly on his running mate, Representative Geraldine A. Ferraro, of New York:

• "There may be a shift" in Soviet attitudes that could lead to successful U.S.-Soviet negotiations on anti-satellite weapons and other measures. President Ronald Reagan has said that the Russians have been reluctant to negotiate because they do not want to help him be re-elected.

• Mr. Reagan will "not rise to the bait" of Mr. Mondale's challenge to announce whether he would raise taxes in a second term. Mr. Bush denied that Mr. Reagan has "a secret plan" to raise taxes and said that discussion of a tax increase would "play into the hand of the man whose historic interest lies in raising people's taxes."

• Mr. Bush would "like to" debate Ms. Ferraro but wants "to be very practical about it" and would avoid a debate if campaign strategists decided for tactical reasons that a debate would divert attention from Mr. Mondale.

He discounted the importance of social class in the election and questioned whether the presence of Ms. Ferraro on the Democratic ticket would result in more women, Roman Catholics or Italian-Americans voting Democratic.

Discussing campaign strategy, Mr. Bush said "we want to focus the voters' minds on how much better they are than when Carter and Mondale were in office. He wants to cut the umbilical cord to Carter, and he's not going to be able to do it."

Mr. Bush said that Mr. Reagan would probably not become more specific about his tax and budget plans during the campaign.

"I think I know this president pretty well," he said, "and I would be very surprised if there was any response to the call for how he is going to raise taxes and stuff like that."

The vice president pointed out that Mr. Reagan has ordered a Treasury Department study on tax simplification, due after the election. Mr. Bush said the study could result in "some kind of juggling around of the rates" that would allow lower personal tax rates.

Some Republicans say a tax-simplification effort or "flat tax" could substantially reduce personal income tax rates, but would eliminate many existing deductions.

Mr. Bush, questioned about statements from other Republicans that a tax increase may be necessary in 1985, said Mr. Reagan would accept one only if spending had been cut to "irreducible levels" and the U.S. budget deficit persisted. He stressed that any Reagan tax plan would not reverse the three-year tax cut approved in 1981.

Asked if there is any way the president can avoid raising taxes in a second term, given the persistence of \$170-billion annual deficits, Mr. Bush said, "Yes, there is a way he can avoid it, I guess, if you had a growth that so surprised even the most optimistic projections."

Questioned on whether Mr. Reagan would outline his plan for reducing the deficit before the November election, Mr. Bush said: "I don't know, I just don't know the answer. I think we've got to wait and see what is the magnitude of the problem."

He said he doubted that the deficit would be in the \$200-billion range cited by Democrats, and blamed skepticism in the financial markets on unexpectedly strong economic growth and low inflation.

In his discussion of a possible change in Soviet foreign policy, Mr. Bush referred to a recent upgrading of the U.S.-Soviet hot line as "a modest step" but expressed hopefulness about prospective discussions with the Russians in Vienna in September.

Aging, Overweight Bald Eagle Dies While Training to Open Olympics

LOS ANGELES — A bald eagle that was to fly over the Los Angeles Coliseum during Saturday's opening ceremony of the Olympics has died here while being trained for the event, U.S. wildlife and Olympic officials said Monday.

The producer of the opening ceremonies, David L. Wolper, said a second eagle has been obtained, which is described by other sources as a younger golden eagle.

The bald eagle, an old overweight bird named Bomber, died July 15 after several weeks of vigorous training, according to Dr. James Carpenter, chief of propagation at the U.S. Fish and Wildlife Service's research center at Patuxent, Maryland. He said Bomber had been loaned for the ceremonies after he was told that the White House supported the request.

If it worked, it would be good for the Olympics and good for publicizing the plight of the bald eagle, Dr. Carpenter said. There are about 5,000 bald eagles left in the contiguous 48 states, and the species is listed as endangered in 43 of them.

Dr. Carpenter would not offer an opinion on the cause of death until an examination was completed this week.

Canadian Leader Draws Ire of Women's Groups

TORONTO — Canada's new prime minister, John Turner, has come under sharp criticism from women's groups because he patted two women on the backside as he greeted them.

Mr. Turner, the Liberal Party leader, is campaigning for the Sept. 4 general election. Last Thursday, he was seen patting the Liberal campaign co-chairman for Quebec, Lisa St. Martin Tremblay, while on a campaign swing through Montreal. She dismissed the episode as "merely the Anglophone way of backslapping."

Also last week, the prime minister was seen on a television broadcast slapping the Liberal Party president, Iona Campagnola, at a meeting in Edmonton, Alberta. She responded by slapping him in the same place.

Mr. Turner, who succeeded Pierre Elliott Trudeau as prime minister after Mr. Trudeau's resignation three weeks ago, has been asked several times to explain his actions publicly.

On Friday, he explained that he was a "tactile politician" in the habit of "exchanging greetings in a very human way."

"I'm reaching out to people," he said, "and people are reaching out to me."

But criticism from women's rights groups has been harsh. In a telegram to the prime minister, Sasha McInnes-Hayman of the Status of Women Action Group, based in London, Ontario, said Mr. Turner should consider a public apology.

"The assertion that women find this sort of behavior inoffensive is pure folly on your part," she wrote.

The Liberals lead their principal opponent, the Progressive Conser-

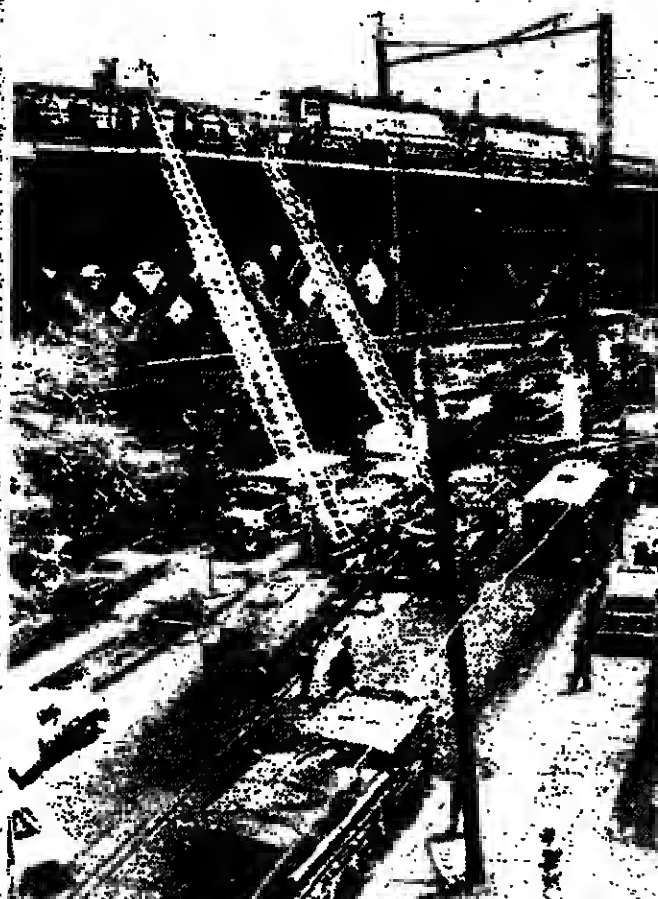
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Firemen using ladders to reach passengers in the wreckage of two Amtrak trains that collided on a trestle in New York.

4th Fatal Train Crash Prompts U.S. Inquiries

By Stephen Engelberg
New York Times Service

WASHINGTON — A head-on collision of two Amtrak trains in New York City in which a Spanish diplomat was killed comes in a month of other mishaps and fatal accidents involving the railroad.

Federal safety officials and members of Congress said they wanted to look closely at the New York accident on Monday because it did not involve uncontrollable factors, such as heavy rains, that had figured in other crashes this year.

The officials said the crash, in which 115 persons were hurt, was the first of the accidents this month to involve trains and tracks directly operated by Amtrak, the U.S. government-owned passenger system.

The two trains collided Monday on a viaduct 80 feet (24 meters) above a street in New York's borough of Queens. With the southbound track temporarily closed for maintenance, both trains were traveling on the northbound track when they collided at 10:45 A.M.

The dead man was identified as Enrique Gilarranz, a 53-year-old Spanish diplomat stationed in Equatorial Guinea and vacationing in the United States. He died of internal injuries.

"This one today involves two of Amtrak's own trains and it occurred on their tracks," said Hal Storey, chief of the rail accident division at the National Transportation Safety Board. "That makes it a little bit different flavor."

"To us, it shouldn't happen," he said. "It's just unheard of. You shouldn't have two trains running into each other, not in this day and age."

The crashes this month prompted committees in both the House and Senate to schedule hearings on Amtrak's safety record for this week. Both the legislators and the safety board are studying whether there is a pattern of diminished safety behind the recent accidents.

On July 4, two persons were killed in South Carolina when a train hit a truck. Three passengers and two crew members were killed July 7 when an Amtrak train derailed near Williston, Vermont, after heavy rains had washed out a track bed. On July 11, a train crew member and the driver of a gasoline tanker were killed in a crash at a grade crossing in South Carolina.

Patricia Goldman, the National Transportation Safety Board member who investigated the Vermont derailment, said, "We are first going to investigate the individual accidents and then we are going to look at the pattern."

She added: "Railroads are not as technologically advanced as other forms of transportation. As one of our former chairmen used to say, 'In too many cases they still operate by fire and flag.'"

According to statistics gathered by the federal government, head-on collisions involving passenger trains are rare. There were five such crashes in 1979; four in 1980; one each in 1981 and 1982; and none in 1983. Amtrak has averaged 39 de-

Contadora Group Offers To Aid Duarte on Talks

By Richard J. Meislin
New York Times Service

MEXICO CITY — The four countries working together to find a peaceful settlement to the conflicts in Central America have offered to help El Salvador's new government begin negotiations with the country's leftist rebels, according to a Latin American diplomat in the region.

The diplomat said the four countries comprising the Contadora group — Colombia, Mexico, Panama and Venezuela — made the offer to President José Napoleón Duarte because "the bilateral conflict affects the general arrangement" the group is trying to achieve in the region.

Mr. Duarte has said that he will not be ready to negotiate with the leftist guerrillas until he has established "the conditions first to give a base of security and an atmosphere of democracy" in El Salvador.

Other Latin American officials have expressed concern that the negotiations may become necessary before those conditions can be achieved.

Officials of the four countries traveled through Central America on Monday and Tuesday, trying to smooth out final differences in a plan presented to the five Central American countries last month.

An official of the Mexico's Ministry of Foreign Relations said Monday, however, that "all of the Central American countries have now demonstrated their acceptance of the act of Contadora" in principle, and that only minor details remain to be worked out.

The plan that is being considered is an elaboration of a 21-point peace program put forward by the group in September.

It would commit the five Central American countries — Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua — to establish democratic government, to halt imports of new types of armaments in the region, and begin negotiating arms reductions, to bar new foreign military installations and dismantle existing installations within a year, to gradually eliminate foreign military advisers, and to abstain from supporting groups hostile to the governments of other countries.

The agreement would be monitored by a commission of verification and control comprised of representatives of four impartial countries, representatives of the United Nations and the Organization of American States, and an executive director.

The plan also calls for "national reconciliation" within countries that are suffering from internal strife, in terms considerably stronger than those of earlier versions.

Contadora Group Offers To Aid Duarte on Talks

■ **Aid for Nicaragua**

Four Nobel Prize winners are heading to Nicaragua on a Norwegian ship carrying food, medicine and farm supplies. United Press International reported Tuesday from Panama City.

The four include three Nobel Peace Prize winners: Adolfo Pérez Esquivel of Argentina, Betty Williams of Northern Ireland and Linus Pauling of the United States. Also aboard is George Wald, an American who won a Nobel Prize in medicine and biology.

GOP Strategy Will Avoid Quick Attack on Ferraro

By Francis X. Clines
New York Times Service

WASHINGTON — President Ronald Reagan intends to wait out the initial "euphoria" over the Democrats' nomination of Geraldine A. Ferraro for the vice presidency before launching a campaign to eventually force tax increases.

The strategy of gentlemanly reserve, in which Reagan campaign officials have been warned away from any hint of "sarcasm" about her nomination, will be pursued despite the complaint by some White House aides that Ms. Ferraro "has been getting away with murder" in news reports thus far, according to a Reagan campaign official.

"If she were a man, her Christian would have seen the press land all over her for having a loose lip," an administration official complained to a reporter in contending there is a double standard in the initial treatment of Ms. Ferraro's historic candidacy. "Right now, we're waiting for the initial euphoria to pass and for you guys to begin doing negative stories on her."

While the White House quietly prepared the president for a news conference Tuesday night at the White House that is expected to be heavily political, the Democrats accused Mr. Reagan of attempting "a transparent cop-out" in not discussing the "obvious need" for a tax increase next year, as Walter F. Mondale, the Democrats' nominee for the presidency, has proposed in his campaign.

The criticism came from the House majority leader, Jim Wright of Texas. He issued a statement denouncing the president as the principal architect of a record U.S. deficit that is causing "the highest real interest rates in history."

"He wants to put off facing unpleasant facts until after the elec-

Crime in Japan Seen Near Record

TOKYO — The crime rate rose in Japan last year to its highest level since the record years of 1948 and 1949, especially among young boys and girls, an official report said Tuesday.

The National Police Agency survey for 1983 said there were 1,541,000 criminal offenses recorded, higher than at any time since the early years after World War II. The report attributed the increase to industrialization and urbanization that has upset old neighborhood patterns and broken down local watchfulness against crime.

Juveniles under police supervision reached a record high of 262,000, the report said. It reported a 250-percent increase in delinquency among girls over the past 10 years and said the number of girls accused of sex-related offenses in 1983 was 7.3 percent more than the previous year.

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INTERNATIONAL Herald Tribune

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After Election-Year Booms

America's election-year boom of 1984 is beginning to assume an unpleasantly close resemblance to the election-year boom of 1972. The boom itself is always a lot of fun. It's what comes next that hurts.

The Commerce Department has just published figures showing that, in the spring quarter, the economy was growing just about twice as fast as most of the forecasts predicted a month or two ago. In the year ending with the coming election, the economic growth rate will probably have been at least 6 percent. That would be the second-highest growth rate since World War II for a presidential campaign year. (If you will permit one fragment of political nomenclature: Of the nine postwar election years, there have been three — 1948, 1964 and 1972 — which followed a year in which the economic growth rate had been 4.5 percent or higher. In all three the incumbents won.)

The highest was the 7-percent rate that the Nixon administration engineered for its reelection. It imposed controls on wages and prices to postpone the inflationary effects, and then embarked on a reckless policy of stimulation. The strategy succeeded, in the election-day sense of the word, but spun out of control the following year. Inflation soared. Toward the end of 1973, the country slid into a recession that proved long, deep and damaging.

When President Ford ran in 1976, the economy was expanding at a rate of 4.4 percent — fairly typical in postwar election years. When President Carter ran in 1980, the GNP was actually lower than it had been a year earlier. The only performance that invites comparison with the present one is Mr. Nixon's.

This year's boom started differently, and less deliberately. It was the collapse of the original Reagan supply-side program that resulted in the unintended but gigantic federal deficits that are currently driving the upswing in consumer spending. But the experiences of 1972-73 do not offer much guidance regarding safe and happy endings to election booms.

There is one particularly troubling element this summer that was not present 12 years ago — the extremely high interest rates. High and fluctuating interest rates are putting an extraordinary strain on the banking system.

For the present, the sun is shining. Unemployment is falling in America and production is rising. Personal income per capita, after inflation and after taxes, is higher than ever. How can anyone complain about that? But if you have the uneasy impression that all of this good cheer rests on a perilously unstable foundation, you will not find any reassurance in the history of the 1972 episode.

— THE WASHINGTON POST.

A Shrieking Nicaragua Policy

President Reagan's attacks on Nicaragua have jumped in decibels but slumped in credibility. "Shriek" is the word for the effort to pressure the U.S. Congress into resuming aid to the "contra" insurgency. The Nicaraguan people are trapped in a totalitarian dungeon, trapped by a military dictatorship that oppresses, impoverishes them, while its rulers live in privileged and protected luxury and openly boast their revolution will spread to Nicaragua's neighbors as well. This is overdrawn and comes with ill grace from an administration that minimized its own findings of worse conditions in El Salvador.

Mr. Reagan has reason to deplore Nicaragua's scheduled election as a "sham." For the Sandinist regime will not really risk election. But the president would be better advised to throw his weight behind the political reforms that he would like to see.

The ease for most measured criticism was best made by the State Department's 1983 report on human rights conditions. It found that Nicaragua's security forces caused the deaths of 12 persons in that year, recorded 102 instances of torture and 167 mysterious disappearances and recounted the flight of 1,200 when Miskito Indians were being persecuted. In El Salvador, the same report counted 140 persons killed by death squads every month, and 39 others disappearing each month.

A possibly major change occurred in El Salvador this year, with the election of President José Napoleón Duarte. It was not only the fear of losing that caused insurgent politicians to boycott the campaign; some had good reason to fear for their lives if they tried to run. Still, Mr. Duarte ran a greater risk of defeat at the polls than the Sandinists intend to run. Their claim to be organizing Nicaragua's first free election is nonsense. They seek only ratification of a five-year-old dictatorship.

They have resisted giving the necessary guarantees to allow an election challenge by Arturo Cruz, who broke with them to protest the loss of political rights. He rightly asks for access to the state-controlled media and an end of the 28-month-old state of emergency.

But the Sandinists have found it all too easy to blame the emergency on the U.S.-sponsored war against them. And instead of answering this argument, Mr. Reagan ignores it and asks Congress to revive support for the insurgents.

That only allows the Sandinists to portray themselves as the victims of U.S. bullying. They need to be challenged to put their presumed popularity to a real test, with offers to cancel the "contra" war and the U.S. trade embargo. Since these U.S. attacks are not likely to topple the Sandinists in any case, they serve only to excuse their denials of freedom.

— THE NEW YORK TIMES.

The Miss America Blowup

Point No. 1: We really don't care who is Miss America. The institution itself is ludicrous. The Miss America contest is a glitzy cattle show, a festival of bust measurements, made semi-respectable these days by protestations of a new seriousness. The new seriousness requires the gorgeous contestants to demonstrate that they are part of the dawning feminist age by revealing some accomplishment like decoding Sanskrit or yodeling while standing on one foot — it doesn't matter which, since these are not the critical measurements by which the winner is judged.

Don't get us wrong. Laissez-faire libertarians to the end, we are not about to call for a halt to this campy entertainment. Let those who like it watch. Just don't ask us to get in a swivel about violation of the contest's rules.

Point No. 2: It is probably a good thing that Vanessa Williams yielded up the title on Monday. If you have seen those pictures, you will know that they are something that all those companies and groups which feel Miss America could not live with. This whole puerile with its subsequent yearlong nonsense and its many-partied sponsorship is a commercial enterprise. Everyone profits from everyone else. The contest people were within their narrow.

you-get-yourself-I-get-mine rights in believing that the beauty queen's horrendous photographic past ruined the game for all of them. A special word is owing to the photographer, however, and to the editors of Penthouse magazine. In an ambience of general exploitation and crassness, they nonetheless distinguished themselves by being more crass and exploitative than anyone else involved.

Point No. 3: This is a sad human story for Vanessa Williams and her family, but it is not a racial issue. Her victory last fall was hailed by some because she is black and her selection was thought to say something about progress in racial relations. But if she had been of Lithuanian ancestry or an immigrant from the Falkland Islands or anywhere else and these pictures had come to light, the uproar and the response would have been the same.

We are sorry that this very young woman finds herself in this mess. We wish that the photographer who preyed upon her and the magazine that bought the photos would find themselves in more of one. But if Miss Williams has hastened the day when the televised cattle show will be no more, she will have made an enduring contribution to American life.

— THE WASHINGTON POST.

Other Opinion

Sanctions and Polish Amnesty

The amnesty announced in Poland is, by the standards of Soviet bloc societies, generous in the extreme. All 651 political prisoners are, apparently, to be released within 30 days. The amnesty is to be welcomed (cautiously), as it has been both by Lech Walesa and by representatives of the Catholic Church. Not so much because the releases signal the creation of a tolerable state, but because they signal —

for the first time since the introduction of martial law — the possibility of the creation of a tolerable state. Sanctions, particularly symbolic sanctions, as those against Poland always were, are easier to impose than to lift. Yet it is now time that the EC and America, together, review what sanctions still remain and decide whether they can still be justified. Their purpose, remember, was to encourage a tolerable regime. Not to impede its evolution.

— The Guardian (London).

FROM OUR JULY 25 PAGES, 75 AND 50 YEARS AGO

1909: Briand Cabinet Seeks Backing
PARIS — M. Aristide Briand has completed his Cabinet, and presided for the first time as Premier at a Ministerial Council (on July 24). The Cabinet has not been received with enthusiasm. Radicals met at the Chamber and sent M. Lafferre with the mission to assure the Prime Minister, a repentant Socialist, of their complete want of confidence in him. But later there was a slight "detente." The skill of M. Briand is proverbial; that of M. Alexandre Millerand [named minister of public works] is universally known. These gentlemen will be able to reconcile themselves with the most refractory of their colleagues.

1934: South American War May End
BUENOS AIRES — Termination of the two-year struggle over the Gran Chaco between Bolivia and Paraguay, either by a decisive battle or by peace efforts in which the Argentine, Brazil and the United States would have leading roles, is regarded as imminent in official circles here. What is believed to be a decisive engagement is about to begin, but should it end in a deadlock, it is understood that Bolivia and Paraguay have been requested to agree to cease fighting and meet in Buenos Aires to attempt a peaceful settlement. Should such a conference fail, it is proposed to submit the controversy to The Hague Tribunal.

France: Toward a New Left With a Rightish Program?

By William Pfaff

PARIS — The government of the "union of the left" has come to an end in France. With that, a certain idea of the left has been defeated.

The new team, excluding Communists, which has been formed under a new prime minister, Laurent Fabius, is not a centrist government. It is a government of Socialist unity and survival. Estranged Socialist factions have been incorporated. Old rivalries are ignored. But this is not a government of the left, as the left has until now understood itself in France.

This is a Mitterrandist government. President Francois Mitterrand is a man who is interested in success, not doctrine. Laurent Fabius represents technocratic analysis, efficiency, pragmatic intelligence, not doctrine. Mr. Fabius could as plausibly be a Giscardian as a Socialist. He is a brilliant young man, 37, from the Parisian *haute bourgeoisie*, prosperous; his pastime is show-jumping. He is a product of a top lycée and three *grandes écoles*, (Ecole Normale Supérieure, Institut des Sciences Politiques, Ecole Nationale d'Administration), and a member of an elite corps of the higher civil service. That he is a Socialist might be thought simply a career choice.

The Communists had no real alternative to refusing cabinet places in this new government. It intends to continue the program of economic austerity and industrial reform begun two years ago. That requires continued and even increased unemployment. The Communists barely could tolerate such a program when they could contend that austerity was forced upon a Socialist-led coalition by the malign power of international capitalism and finance. The Fabius government can be expected to present austerity and adaptation to market forces as progressive measures.

The Communists say that such a policy "translates into rising unemployment, loss of purchasing power for salaried people and the retired,

anxiety for the future of children and the young." They deny it, but they have chosen to go into qualified opposition. They will try to recover the working-class voters they have lost in recent years, and to recruit the alienated and the disappointed from socialism's ranks.

Traditional French socialism has suffered a fatal defeat. It had deep popular roots, most of all in the provinces. It has been a warm, old-fashioned kind of party, sustained by feeling more than by ideas. The ideas were often mental and well intentioned rather than well thought-out. They worked badly when, in 1981 at last, the party had its chance to apply them.

Nationalizations got the country no further along. A relaunch of consumption plunged it into foreign debt. The attempt to bring private schools under greater state influence provoked immense popular resistance and, in the end, defeat and retreat; the Socialists were made to seem sectarian reopeners of a quarrel that the vast majority had thought well and truly closed.

Mr. Mitterrand's abrupt decision to withdraw the government's school plan acknowledged a popular defeat. His simultaneous proposal for a constitutional amendment to permit referendums on questions of public liberty was an impressive but risky counterattack.

It is a gamble because 15 years ago it was a defeat in a referendum on constitutional reforms that prompted President de Gaulle to resign the very next morning. Mr. Mitterrand's opponents will do their best to turn the forthcoming referendum on constitutional change, to take place in the fall, into a comparable rebuke, hoping that Mr. Mitterrand would feel compelled to follow the example of the Fifth Republic's founder.

The possible gains to Mr. Mitterrand from his gamble on constitutional change and a remade government are, however, also very large. The old, sentimental socialism is a spent force. Nam-



Laurent Fabius

ing a young, dynamic, unideological government could transform the political balance. The opposition suddenly is the side that looks old-fashioned, saying for the millionth time the same old things. Beside the intense Mr. Fabius, the opposition's leaders suddenly look old.

The opposition mood nonetheless is unexpectedly cheerful. The conservative parties know that they have already won a considerable victory. The platform upon which the left was elected in 1981 has effectively been jettisoned. The battle over basic economic and social policy has effectively been won by the parties of the right. What those parties may not yet fully appreciate is the pit this now opens before them.

What do they offer that is so wonderfully different from the moderate reform and economic pragmatism that Mr. Fabius can be expected to practice? That program, under a new Socialist government, with young and confident leaders, could prove extremely attractive. The program of the right in the dress of the left is a persuasive combination, in France most of all.

International Herald Tribune.

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Delors in Brussels: A Trans-Atlantic Opportunity

By Joseph Kraft

WASHINGTON — The American footing in Western Europe has been uneasy ever since General de Gaulle resumed power in France in 1958. The Gaullist emphasis on nationalism disrupted the broad move toward European unity that formed the basis of American policy in Europe. But last week Francois Mitterrand shuffled the government in a way that asserted the French commitment to Europe.

So there is a new opportunity for joint European-American action on problems of economic stability and international security.

Geography and history make France the Middle Kingdom central to European unity. The country is big enough to deal with the United States on a reciprocal basis. It exercises a hold over the Germans

as the connection with the West that can keep them from the crazy ventures against Russia that brought disaster in 1914 and 1941. It has enough rapport with the other Europeans, especially the other Latins, to prevent Britain from trying to go it alone on the Continent. So when French-U.S. relations are in harmony, the Atlantic connection works.

During the Gaullist interlude, America fashioned a European policy around Britain and West Germany. Recently the trio seemed well geared for harmony, for there have been conservative regimes in Washington, London and Bonn alike.

But Britain, with imperial splendor waning fast, is markedly Little England in tone these days. Prime Minister Margaret Thatcher has quarreled repeatedly with Reagan initiatives — notably over the Grenada invasion and consistently on dealings with Moscow. And West Germany has been increasingly interested in new ties with Russia, and especially with East Germany. As he looks east, Chancellor Helmut Kohl has been less willing to foot the bills for joint action in NATO and the European Community.

The France of Mr. Mitterrand at first seemed a bad bet for resolving these differences. He came to power in 1981 as a dedicated Socialist allied in a popular front with the Communist Party. He took France down the road of nationalization, a shorter workweek and larger payments for social security.

But because of his vulnerability to the Communists in France, he took a stiff line — stiffer by far than that of the Gaullists — with Moscow. Moreover, when the left-wing formula yielded inflation and a bad recession, Mr. Mitterrand and his finance minister, Jacques Delors, switched to a policy that featured austerity and incentives.

The squeeze proved politically unpopular. During elections for the European Parliament last month, Mr. Mitterrand's Socialists won just a little over 20 percent of the vote, while the Communists went down to 12 percent, a historic low. Those elections showed that there was only limited support for the government. The president had to move toward rebuilding the majority. The move came last week, and it was smartly toward the center.

Mr. Mitterrand continues his basic policy of holding down wage increases and social security payments. His new prime minister, Laurent Fabius, is an economist who has specialized in renovating industry for international competition. The new finance minister, Pierre Berégovoy, is known for driving hard bargains with the unions.

In response to the continuing drift to the right, the Communists left the government. Centrist party leaders poised themselves to make common cause with the Socialists in the 1986 legislative elections.

But the most important move was the designation of Mr. Delors as president of the EC's Executive Commission beginning in 1985. Mr.

Delors is a heavyweight with great intellectual capacity, and his selection means that France intends to anchor its centrist economic policy firmly within Europe. Paris will work to hold the EC together and to advance joint projects.

These new ideas about in great profusion. Agricultural policy must be adjusted to diminish the costly subsidies that European farmers regularly produce. Trade policy needs to be reshaped to avoid bitter rows with the United States and Japan. General economic policy needs more coordination so that Washington is less high-handed with interest rates and the Europeans can benefit more from America's prosperity.

A French commitment to joint action in the economic field has big implications for the defense measures to be taken in NATO under its new secretary-general, Lord Carrington. There is a clear requirement for a larger European effort to build conventional forces. It might be financed in part by standardization of weapons and larger joint efforts in production. The new military initiatives will have to be coordinated with approaches to the Soviet Union on arms control.

No one should imagine that a united Europe lies just around the corner. The European idea is so much out of vogue, indeed, that the danger lies in the opposite direction. The danger is that an opportunity will be missed because of failure to realize that, after a third of a century, the European movement has a chance to get back in business.

Los Angeles Times Syndicate.



Jacques Delors

In a Hole in the Wall, Another Chinese Revolution

By Merle Goldman and Marshall I. Goldman

CAMBRIDGE, Massachusetts — Oh, to be an entrepreneur in China now that the state is encouraging privately owned shops! There is a sense of wide-open opportunity not only in the countryside, where the state is collectivizing agriculture, but also in the cities, where private shops are eagerly selling goods that are more stylish and colorful than those in state stores.

Most surprising of all, there is a tangible sense of entrepreneurship and increasing wealth. With virtually no capital, formerly unemployed laborers, formerly by selling on street corners and end up opening their own shops. Peasants are forming their own trucking companies. The bold are quickly being rewarded.

In a short period it is possible to become a relatively rich merchant. The opportunities are so abundant because of pent-up demand and because many recently social activities were restricted.

Since the establishment of the People's Republic in 1949, China has been in flux. But to a historian specializing in China and an economist specializing in the Soviet economy who visited China early this month, the changes seem dramatic.

So far, these changes have been peaceful and gradual. Yet what the Deng Xiaoping leadership is doing is in many ways more revolutionary than what Mao Zedong did. It is attempting to pry apart, without bloodshed, most of the Stalinist economic framework that Mao and the party built over 30 years. It is too much to say that it is attempting to restore capitalism; as the leaders see it, they are simply unleashing the creativity of the worker.

One result of this effort is typified by the little shop we found on a narrow side street called Goldfish Lane. Located near the center of Beijing and calling itself the Department Store, the shop is literally a hole in the wall. The shopkeepers use posters and hanging garments to display their wares imaginatively. Small as it is, the store is divided into halves, each part presided over by a brother.

Until he was allowed to open up his own shop, one brother had been unemployed. One of the stated reasons for allowing private stores was to absorb some of the unemployed. In fact it is easier for those who are

jobless to obtain a permit to open their own store than for those working in state stores. The state fears that there will be too many who will want to leave their existing jobs.

The other brother did leave his previous job. After having been sent to Inner Mongolia to work in the countryside during the Cultural Revolution, he considered himself lucky to find a menial job in a Beijing hospital. But he earned only 46 yuan (\$23) a month, barely half the average wage. When he got paid about a year ago, he concluded that he could not support a wife on that income and so he joined with his brother to open a shop in their living quarters.

Since they were so poor, they had to convince a local factory manager to let them take a few items on consignment. With the proceeds from the sale of those goods, they bought more. They were an economic realist's dream come true. What income they didn't use, they invested to expand their inventory.

Their stock is meager compared with that of Western stores, but it is relatively varied by Chinese standards. Moreover, their products tend to be fashionable, with a Western flair. Customers line up to wait for the store to open at 9 a.m. During one visit we saw the wives of two Soviet diplomats who were excitedly buying attractive summer shoes. From what they said while trying on the shoes, they apparently had never seen anything as fashionable in Moscow.

The mechanics of operating the shop are rather simple. Four days a week, one brother sets off in trieb of stock, and transports what he buys on the back of his bicycle. Most of the stock consisted of goods produced above and beyond the state's quotas assigned to various factories in the Beijing area. The proprietors could also sell goods they made by themselves. Their inventory was stacked on the floor in their adjacent living quarters. Although that reduced the size of their living space, they seemed unconcerned by the inconvenience, like any entrepreneur on the make.

In some cases, especially when the goods they were selling were in short supply, their retail prices were higher than comparable prices in the state stores. On occasion, however, their

prices were lower, and they were not averse to bargaining.

Since rent is low and they had to pay only 5 percent of earnings in tax, costs were low. Their monthly income ranged about 300 to 400 yuan a month — almost equal to what senior Chinese officials earn.

In addition to the shops — it is hard to estimate how many now exist in China, or even in one city — there are less permanent arrangements, such as the "night markets." Every evening, several streets in various cities are taken over by freshwaters operating from such varied stands as bicycle carts and even beds. One merchant was taking a customer's measurements and cutting a suit to order on the street. Many of these night operators sell factory surplus. Others apply skills they use at state factories by day to earn extra money at night.

Despite the evident popularity of these activities, there is uncertainty about how long the encouragement of private entrepreneurship will last. As sales increase, it is likely to become harder and harder to obtain supplies through legitimate channels.

A more ominous restraint is that

China has not been noted for its stability. What is ideologically correct today can be a serious ideological deviation, if not a crime, tomorrow.

The embourgeoisement of the Goldfish Lane shopkeepers is tempered by the fact that they may wake up one day to discover that instead of being heroes they have become villains. In stead of being praised, as they now are, for satisfying people's needs, they may be vilified for exploiting the people. If that should happen, they will quickly return to rags, if not exile or prison. Undoubtedly, this realization serves as a restraint on some of the less venturesome.

For the time being, however, the store on Goldfish Lane flourishes, and the owners' hope that what is good for them will also be so good for China that no Chinese leader will want to end the experiment.

Merle Goldman is professor of history at Boston University and an associate of the John F. Kennedy Center for East Asian Research at Harvard University. Marshall I. Goldman, professor of economics at Wellesley College, is acting director of the Russian Research Center at Harvard. They wrote this for The New York Times.

When Aid Was Hyped A Warning

By Jonathan Power

LONDON — An official from Oxfam, the British aid organization, when he was asked why it Cambodian famine of 1979 began such a cause célèbre, replied, "It's everything — temples, starved brown babies and an Asian film figure. It was like sex on a tiger skin."

The Western aid agencies, voluntary and governmental, spent a billion dollars in three years on a population of only 6 or 7 million. What? Many Cambodians were undoubtedly helped who otherwise would have died, but the major appear to have found a way of rescuing themselves without the aid.

If there was one clear outcome, was that the Khmer Rouge of Pol Pot, who are widely credited with a killing of hundreds of thousands of their own people, and the Vietnamese-installed regime of Heng Samrin that overthrew Pol Pot in 1975 are still there, were enabled to survive to fight another day.

This disturbing portrait of Cambodia's great famine-relief operation the conclusion of a forthcoming book by William Shawcross, "The Quality of Mercy." Mr. Shawcross — author of "Sideshow," a devastating critique of Henry Kissinger's Cambodia policy — has been in and out of Cambodia for the last nine years. Much of what he says in his new book goes against what he reported when he was covering the country as a journalist.

He, too, was part of the hype that persuaded millions of people to do into their pockets for a cause that we presented to them by the press, at agencies and governments in stark terms as a race against time.

Mr. Shawcross is the last person one would suspect of ulterior motive in attacking the aid agencies. I'm member him after his "Sideshow" success rushing around London speaking at meetings to raise money for the refugees. Now he is trouble by what he has unearthed and worried that readers of "The Quality of Mercy" will draw the conclusion that we waste our money on aid causes.

He should not be anxious. His book is so thoroughly researched, careful in its presentation of detail and nuances, so alive to the complexities of bad decisions had to be made based on inadequate information that only good can come out of his critique. The aid agencies do deserve to be criticized — and to be praised. He does both in fair measure. His book, if taken seriously, should help the agencies to avert mistakes.

But how is it that so many mistakes can be made? How can we avoid repeating them in the "fog of war?" A first lesson is that aid agencies should conduct major reviews. In the case of Cambodia, only one agency did — UNICEF, in 400 pages a devastating self-criticism. Yet UNICEF and the Red Cross emerge from Mr. Shawcross's study as having made fewer mistakes than most.

A second lesson is the need to listen to the voices from the field. The top Oxfam brass refused to accept the word of their local man, Malcolm Harper, who said people were poor malnourished and badly clothed but were not dying of hunger. Oxfam carried on with its fund-raising seemingly ignoring Mr. Harper.

Thirdly, aid agencies have a basis on a better monitoring of where their aid goes. The United Nations World Food Program quite casually allowed the Thai army to control the distribution of its food aid, with the result that much of the food went, as the Thai and U.S. governments wanted it, to rebuilding the health and physique of the Pol Pot forces as a counterweight to the Vietnamese.

A fourth lesson is the need for the public to be more analytical about its donating and to make sure that the kind of aid it funds is useful. An American group, offered to send a 747 filled with incantations mother... Plane loads of outdated drugs arrived... A Japanese organization chartered a boat bearing 500 Japanese youths, who came to Thailand, and spent four days instructing refugee children on the harmonica.

It has to be acknowledged that Cambodia was one of the most complicated disasters ever faced. The Vietnamese and the Thai agencies played politics with the aid agencies, and the United States probably did. Without full access to the interior, it was difficult not to conclude that the refugees massed on the Thai border were but the tip of an iceberg. They were not. Most Cambodians, deprived of rice, found they could live on salt, lemons roots, the young leaves of certain bushes and other things. Jaded Western consciences may not react unless a disaster is hyped up. But by hyping, as Mr. Shawcross shows, funds merely but then subvert it in the long run.

International Herald Tribune.

LETTER TO THE EDITOR

Thais and the Refugees

Regarding "Cruelty Stalks the Boat People" (July 5) by Henry Kamm:

This article is a slander against my country. If the treatment of the refugees was as described, why should they keep coming to Thailand's shores and brave the risks? Furthermore, why should it be assumed that all "pirates" are Thais? Does anyone know how many states are around the China Sea and the Gulf of Thailand? Vietnam is one, and it is the one which oppresses its people to the point of forcing them to take to the sea in rickety boats, with all the dangers involved. So far, the United Nations High Commission for Refugees chooses to ignore this situation, which is a variety of genocide.

As to the high commissioner, Poul Harting, who unabashedly came out against Thailand, he should realize that he has committed a grave error. He has committed a grave error.

branch of his obligations as an international official and has thereby debased the corporation.

The UNHCR, recently pressured by Thailand to accede to the Refugees Convention, but a Government's Committee on Treaties and Conventions, composed of jurists of high standing, turned down the request. It is not impossible that this shameless press campaign is mere blackmail.

Instead of launching this latest press attack against a country which has borne a crushing burden for refugees brought about by the influx of refugees, it would be more advisable to concentrate the efforts in appeals to governments to contribute more meaningfully. In the case of Thailand, it has to shelter some 180,000 recent refugees who fled Vietnamese invasion and occupation of Cambodia, but also hundreds of thousands of Vietnamese who streamed into Thailand from Laos and the end of the Vietnam War.

World War II and are refused repatriation by their own country.

Thais have deep humanitarian feelings but cannot see why they should have to take in refugees in effect ejected by Vietnam with Soviet support, while the outside world backs in the sun, enjoying affluence with little if any sense of responsibility.

THANAT KHOMAN, Paris.

The writer is a former foreign minister of Thailand.

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Dispute in Japan Under U.S. Jets

When Aid Was Hyped A Warning

By Jonathan Power

LONDON — An official from Oxfam, the British aid organization, when he was asked why it Cambodian famine of 1979 began such a cause célèbre, replied, "It's everything — temples, starved brown babies and an Asian film figure. It was like sex on a tiger skin."

The Western

Noise Dispute in Japan Roars Under U.S. Jets

By Clyde Haberman
New York Times Service

YAMATO, Japan — Every minute or two the sky over this city rumbles, signaling that another fighter jet is about to swoop down and rattle houses and the people inside.

Evenings are the worst: there are more takeoffs and landings. Dinner discussions often stop and television pictures quiver.

"It's just like living inside a subway car — and sometimes worse," said Kenichi Ohsaka, a Yamato city official who keeps track of noise levels.

On the best of days this city 20 miles (32 kilometers) southwest of Tokyo is a clamorous place, with a military airfield at its edge and enormous trucks barreling along the main street.

But now the noise is barely bearable for the 174,000 residents of Yamato, a bedroom community for workers who commute to Tokyo and Yokohama. With the added noise comes a new chapter in one of the longer-running unresolved issues between the United States and Japan.

Since late May, the U.S. aircraft carrier Midway has been back in Yokosuka, its home port for the last 11 years. Yamato is a short drive from Yokosuka.

The Midway will set sail again in August. That means the Midway's 100 fighter-jet pilots have resumed weeks of practice to keep their skills sharpened. Night flights are particularly important. If they fail to "night qualify," they cannot leave with the ship.

Last week, pilots started their latest training round at a field close to Yokosuka, the Atsugi Naval Air Station, whose runway lies a little more than a mile from Yamato's soundproofed city hall.

On most nights, the pilots go

through 150 or more "touch and go's" — first landing, then taking off right away, always at full power and thus with maximum noise.

The Midway, part of the U.S. 7th Fleet, is the only U.S. aircraft carrier with a foreign home port. It is at sea for eight or nine months a year, and that leaves an average of 80 nights when its pilots must go through their high-decibel training at Atsugi.

"It may be hard for outsiders to understand how disastrous this noise is," Mr. Ohsaka said.

U.S. officials insist they understand. But they say that the pilots must practice regularly or lose the skills that enable them to come in at high speeds and land on a ship that is pitching in the sea.

Moreover, Rear Admiral Gerald W. Mackay, commander of U.S. naval forces in Japan, said the training should take place as much as possible near Yokosuka, one of the world's most densely populated regions.

Shifting flights to more remote parts of Japan or South Korea is costly, he argued. It also keeps pilots from seeing their families, deepening morale problems for people who already are away from home much of the year.

Lower morale, the admiral said, tends to translate into lower re-enlistment rates.

Yamato residents sympathize, but ask why they should suffer. Led by Mayor Kaichi Endo, more than 70 percent of them have signed petitions in the last few weeks demanding that the Midway's nighttime exercises be moved elsewhere.

It is up to the Japanese government to settle the issue, but it has long avoided a decision, caught between pressures brought by various municipalities, which do



A U.S. Navy jet flies low over Yamato on its way to landing at Atsugi Naval Air Station, about a mile away.

not want the noise, and by U.S. officials.

For the U.S. Navy, the Midway is critical to Pacific operations; keeping the ship in Yokosuka is important because maintenance crews there are highly regarded. For people in Yokosuka, the aircraft carrier means jobs.

Admiral Mackay said the navy had shown sensitivity to Yamato's complaints by limiting the number of flights at Atsugi, by banning training after 10 P.M.

and by instructing pilots to fly at higher altitudes.

The Japanese government has spent \$65 million to soundproof houses and office buildings.

Still, Yamato is a noisy place, and any new training site elsewhere would be, too. No matter what the eventual solution, Admiral Mackay says, it is likely to make somebody, somewhere, unhappy.

"It's a crowded country," he said.

Montana Utility, Indians Fight for Dam

As State Seeks to Keep Cheap Power Supply, Tribes Cite 1930 Promise

By Bill Curry
Los Angeles Times Service

KALISPELL, Montana — "You guys," the old Indian said, looking straight at his white audience, "you guys are always taking everything away from me, taking everything away from the Indians."

Tony Mathias and other members of the Confederated Salish and Kootenai Tribes of the Flathead Indian Reservation fear they are losing something again.

They are locked in a struggle with white business, white politics, white government and white corporate power for control of the most valuable resource on their reservation, a 204-foot (62-meter) 180-megawatt hydroelectric dam built 50 years ago on tribal land by the Montana Power Co.

The Indians say the dam was promised to them in 1930, when they assented to its construction, and although Montana Power has paid them rent over the years for the use of the land, they now want control of the dam to spur the development of their economically depressed reservation.

But as Montana electric rates increase steeply, the state's business, towns, cities and consumers want the dam, a source of cheap electricity, left firmly in the hands of Montana Power.

Moreover, a spokesman for Montana Power notes that there never was a formal written agreement that the Indians would get the dam after 50 years.

The battle for the dam is being fought before a U.S. regulatory agency by traditionally garbed Indians on one side and pin-striped executive representatives of Montana's establishment on the other.

Many of the allegations being heard were also made in 1930, when Montana Power was accused of hornswoggling the Indians and the U.S. government into approving construction of the dam on the 1.2-million-acre (about 485,000-hectare) Flathead Reservation in northwestern Montana.

"There was an understanding that, after 50 years, the project could be turned over to the Indians as a going concern," said Foster De Reitz, the Washington lawyer for the tribes. "But there's nothing like that."

Indians have had time and time again promises that turn out not to be legally binding.

The conflict marks the first time an Indian tribe has attempted to gain control of a hydroelectric dam. Kerr Dam is the oldest of 1,600 federally licensed dams in the United States and thus one of the first on which long-term operating licenses have expired.

At least nine other hydroelectric dams have been constructed on In-

dian land, some of which could be open to challenge by other tribes.

Kerr Dam received a 50-year operating license from the old Federal Power Commission in 1930, and since 1976, Montana Power has been seeking a new, long-term license for it. An administrative law judge, Bruce L. Birchman, began hearing evidence in Montana on July 11 and is to decide by next spring whether the confederated tribes or Montana Power will receive the new license. The stakes are high for both sides.

For the Indians, with an official unemployment rate of 30 percent on the reservation, the dam would be a valuable source of cash.

The tribes contend, however, that the deeper issue is gaining control of their own destiny and their land and of seeing whites live up to past promises.

"This is a fork in the road," a tribal attorney, Dan Decker, said in a series of public hearings leading to the trial. "Once the tribes were powerful, and the country came to

us to negotiate for our resources. Now we ask for the right to operate something that is rightfully ours."

The conflict "has to do with justice and honor," said Ron Theriault, a member of the tribal council. The Flathead nation, he added, has been unable to break its dependence on payments from the Bureau of Indian Affairs, totaling \$17 million this year, which subsidize 85 percent of the costs of operating the reservation.

"The failure to issue the license to us," Mr. Theriault said, "will result in further undermining of the economic base that supports all tribal development."

But for Montana Power and its 236,000 customers, Kerr Dam power costs 20 percent of what electricity from the company's new Colstrip 3 plant costs. The utility has a \$96-million rate increase pending to cover the costs of Colstrip 3.

Kerr Dam accounts for 31 percent of Montana Power's hydroelectric capacity and 11.5 percent of its total capacity. The loss of that

power, and its subsequent replacement with thermal power, would thus substantially increase rates.

"The tribe is a special interest group concerned only with the benefit of its own members," the Credit Bureau of Kalispell asserted. "The general public interest would be best served with the license remaining in the hands of Montana Power Co."

"The state's electric users will enjoy lower rates with Montana Power," said Carl A. Seifert, a state representative, adding that Lake County would lose \$315,000 in annual property taxes if the tax-exempt tribe took control of the dam.

Arranged with these opponents of the tribes are the Legislature and the state taxpayers' association, the Chamber of Commerce and the International Brotherhood of Electrical Workers, the Public Service Commission and the Consumer Council.

Indeed, as one tribe member said, it appears to be 817,000 Montanans against 6,500 Indians.

U.S. Panel Approved Faulty License For Mississippi Nuclear Plant in '82

By Matthew L. Wald
New York Times Service

NEW YORK — The Nuclear Regulatory Commission has acknowledged that in 1982 it approved a license with hundreds of errors in its standards for equipment performance for a nuclear power plant in Mississippi.

Because of the errors, the plant, Grand Gulf in Port Gibson, might have operated without properly functioning safety equipment, the commission said in a letter to Representative Edward J. Markey, Democrat of Massachusetts. Mr. Markey is chairman of the House Interior Committee's Subcommittee on Oversight and Investigations.

But the hazard was negligible, the commission said, because the plant has operated only at low power.

The errors "could have resulted in operation without assurance that equipment important to safety was, in fact, operational," the commission said. "The cumulative effect of the technical specifications errors could have led to operator confusion and operator error detrimental to safe operation."

The technical specifications set the ranges of temperatures, pressures and rates of flow permitted for safe operation, and the minimum level at which key pieces of

equipment had to perform for the plant to run.

In June 1982 the commission approved a low-power test license for the plant. The license included more than 300 technical specifications, many intended for an older model plant.

Grand Gulf started its first nuclear chain reaction on Aug. 18, 1982, but has never been licensed to operate at full power because of a variety of problems not directly related to the license errors.

The largest source of delay was the discovery that several key cooling and electrical systems were inadequate and required extensive modifications.

At 1,250 megawatts, Grand Gulf, built by Mississippi Power and Light, would be the largest nuclear plant in the United States to be given an operating license.

In response to questions from Mr. Markey, the commission said the Grand Gulf test license required periodic testing of equipment that did not exist. It said the license also failed to mention key valves and other parts that had been installed in the plant.

The commission staff has found that similar errors were included in the plant's Final Safety Analysis Report, an engineering analysis submitted by the utility to the commission before the test license was granted to demonstrate that the plant was safe.

According to the letter and other commission documents, although Mississippi Power and Light assured the commission in October 1982 that all the errors had been found, at least five checks carried out later by the utility and federal inspectors turned up more errors.

A spokesman for the utility, Lincoln Warren, said Monday that a later review of the technical specifications had produced specifications that "we believe are the most accurate in the industry."

McDonald's Shuts San Ysidro Outlet

The Associated Press

SAN YSIDRO, California — The McDonald's restaurant where 21 people were killed by a gunman will not reopen, the company said Tuesday after a crew working before dawn quietly removed its trademark, the "golden arches," and other signs.

The restaurant was the site last Wednesday of a 90-minute attack by James Oliver Huberty, 41, who killed 21 persons and wounding 19 before he was killed.

"After talking with our franchisee and considering the sentiment of the community, we believe this decision to be in everyone's best interest," said Dick Starnann, a McDonald's spokesman.

Child Labor Force: A Man-Size Burden at Age 9

By David Lamb
Los Angeles Times Service

CAIRO — Hassan Farid filled his straw basket with a load of bricks, groaning softly as he lifted it onto his back and, with his shirless torso bent almost parallel to the ground, walked 20 yards to the construction site.

He dumped the bricks onto a pile, as he had a hundred other loads over the previous five hours. He lit a cigarette and sought a few minutes in the shade.

"I could go to sleep right here and sleep for a day," said Hassan, who is 9 years old.

The International Labor Organization in Geneva estimates there are 50 million child laborers like Hassan Farid in the developing world. The United Nations says that there may be as many as 100 million.

Whatever the numbers, the child labor force, which extends from Southeast Asia through the Middle East and on to Latin America, represents a tragic product of the Third World's economic misfortunes.

The children labor to help their families survive. They are underpaid, overworked and ignorant of their rights, and their plight is not given a high priority by most governments.

Francis Blanchard, the ILO's director general, said last year: "Given the low educational or skill content of many of the jobs in which working children are involved, the possibilities of acquir-

ing remunerative or satisfying skills become still more remote," he said. "Children thus find themselves locked in unskilled, low-paying, unpleasant and unsafe work situations and permanently disadvantaged in the labor market."

Hassan Farid has never heard of the ILO. Nor does he know that Egyptian law forbids employment of children under 16 and requires children to attend six years of school. He says his wages, a little more than a dollar for a day's work, are far more valuable than anything school could offer.

His parents and their seven children live in the Cairo slums. Hassan said his father did odd jobs.

Child laborers in Cairo and other large Arab cities are so common they hardly draw a second glance. They collect garbage, lug bricks and sand at construction sites, wash car windows in traffic jams, shine shoes, and work as apprentices in shops or as domestic servants.

In the past decade, Egypt has lost a large portion of its male work force as more than three million men have left to find jobs in other Arab countries. This exodus, combined with a construction boom in Cairo, has pushed many women and children into the labor pool. Many rural families lease their daughters to illegal agencies in Cairo that recruit children for domestic work.

"I'm glad I'm in the city," said a 9-year-old girl who has worked as a maid in Cairo for two years and

sleeps on her employer's kitchen floor. "In the village, my stepfather was very cruel and used to beat me very hard and even burn my skin when I made any mistakes."

"At the end, he kicked me out of the house and I had to live with my uncle, who was worse. He gave me only bread and water when I did wrong and he beat me, too. Now I only see him when he comes to Cairo to collect the money I earn."

The ILO adopted the minimum age of 14 for admission of children to industrial employment in 1919. In 1979, the United Nations' Year of the Child, the ILO urged its 150 member nations to ratify the Minimum Age Convention, which sets 15 as the lowest age for employ-

ment. Thus far, fewer than 30 nations have ratified it.

International relief specialists believe it is unrealistic to expect the abolition of child labor soon. That will come, they say, only with increased economic security and decreased population growth.

In the United States, 60 percent of the young people between the ages of 12 and 19 had part-time jobs in 1982 and grossed \$25 billion in wages. But most were probably working to buy a car, get an education or enjoy the luxury of extra spending money.

"Children work here for a much more elementary reason," a UN official said. "They work to eat."

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INSIGHTS

Latest Proposal to Revamp U.S. Joint Chiefs Sparks One More 'War Within'

By Fred Hiatt

Los Angeles Times Service

WASHINGTON — In a closed congressional hearing two years ago, the nation's top military officer startled the House Armed Services Committee by proclaiming that the U.S. military command system did not work.

The committee had asked General David C. Jones, retiring chairman of the Joint Chiefs of Staff, for his departing thoughts, perhaps expecting a few words of thanks for being allowed to serve his country. Instead, the loyal and respected air force general attacked the system he headed, saying it could not resolve wasteful conflicts between services nor offer the president useful military advice.

General Jones' criticism and his persistence in pursuing reform reopened one of the oldest debates in the Pentagon: not how to fight the wars outside but how to quell the wars within.

Since World War II, leaders have tried to bring order to a vast bureaucracy where civilians fight officers, service chiefs fight theater commanders, army fights navy and — even within services — submariners fight naval aviators and strategic bomber pilots fight tactical fighter pilots.

Now a seemingly modest congressional proposal to strengthen the role of the chairman of the Joint Chiefs along lines General Jones suggested in 1982 — to place the chairman in the chain of command and make him a member of the National Security Council — has sparked a deeply emotional debate.

It is a debate rife with interservice jealousies and accompanied by dark intimations of military coups and "Prussian" general staffs. "I recognize a Trojan horse when I see one," retired General Robert H. Barrow, former commander of the marine corps, said about the Jones proposal. "This is a dangerous proposition we are talking about here."

"It's a terrible, terrible move, terribly pernicious," John F. Lehman Jr., secretary of the navy, said during a recent interview. "It would very seriously diminish civilian control of the military."

But retired General Edward C. Meyer, who was army chief of staff when General Barrow headed the marines in the Carter and early Reagan years, said in a recent interview that the House proposal does not "go far enough in addressing the root causes of the problem." The proposal, sponsored by Representative Bill Nichols, Democrat of Alabama, is attached to the 1985 defense authorization bill, now stalled in a House-Senate conference.

"It is surprising that the system works at all, in light of its serious organizational, conceptual and functional flaws," General Meyer said before he retired.

NOT everyone agrees that a problem exists. Some senior officers, particularly in the navy, have said they believe the system works well. But a host of blue-ribbon committees since World War II have concluded that the Joint Chiefs of Staff system encourages waste, duplication and paralysis while providing the poorest possible direction to fight wars.

The Joint Chiefs are supposed to referee internal rivalries for the secretary of defense and the president. But the panel is made up of a chairman with relatively little authority, along with the heads of the four military services.

Those five generals and admirals are expected to train, equip, organize and be advocates for their forces, then don their "joint" hats and put parochialism behind them.

It is, General Meyer said, "more than you can expect of people." Critics say that the Joint Chiefs, formed during World War II, have never risen above interservice rivalry in weapons procurement, strategic planning or warfare.

The timidity of the Joint Chiefs in addressing issues of contention is exemplified by what is known internally as the "Filmsy, Buff, Green process," critics say. On every controversial issue, Joint Chiefs staff members, who are on loan from their services for two or three years, prepare a draft paper known as a "Filmsy," which is then circulated to the services and redrafted twice (the "Buff" and the "Green") to reflect service concerns.

The process "depends on staff officers who are well-versed in service interests but are ill-prepared to address issues from a joint perspective," General Jones said. "An officer in the joint system better be very careful in differing with his service on any position... because the service bureaucracies can do things in mysterious ways."

As a result, the Joint Chiefs do not overrule the services on procurement issues, even when two or more are paying billions of dollars to perform the same mission.

In addition, critics say, the diffuse command structure — the chairman and the Joint Chiefs are not officially in the chain — creates bureaucratic approaches to war. Field commanders who would fight a war have little say over what weapons to buy, while their service chiefs in charge of equipping the forces have no operational control.

WHEN the marine headquarters in Beirut was blown up last fall, for example, the rubble and said security had been satisfactory. But the commandant, General Paul X. Kelley, was not responsible for security. The marines reported to officers off shore, who reported to "unified" commanders in London, Naples, Stuttgart and Brussels, who in turn were responsible to Defense Secretary Caspar W. Weinberger and President Ronald Reagan.

In the Gulf, the five-star Middle East task force reports to an army general in Florida who heads the Central Command. But if the task force ran into trouble, support would have to come from an aircraft carrier in the northern Arabian Sea that would take orders from an admiral in — depending on the ship — Hawaii or Virginia.

"The system, I believe, simply doesn't work," said Robert W. Komer, President Jimmy Carter's undersecretary of defense for policy. "In fact, the JCS system has become a laughingstock in the Pentagon. A system which is so inadequate in practice will perform even worse in crisis or war."

General Jones and other critics contend that in wartime the system has failed in defeats and victories alike.

"In 1945, JCS studies concluded that in reality, even after three years of fighting, there wasn't an integrated effort in any theater in the world," General Jones told Congress. "We had problems in Korea in organization, and Vietnam was an organizational nightmare."

Even at the height of the buildup there, critical officers said, the chain of command moved ponderously from Saigon through an admiral in Hawaii to Washington. All four services were involved in logistics and, as General Jones said, "each service ran its own war" with the navy and air force often squabbling over targets.

Retired Admiral Thomas H. Moorer, chief of naval operations from 1967 to 1970 and chairman of the Joint Chiefs during the next four years, responded that it was unfair to blame the Joint Chiefs for failure in Vietnam. The command structure could adapt to changing situations, he said, but it could not force civilian leaders to accept its advice.

"It was not the Joint Chiefs of Staff who made the decision never to invade North Vietnam or overthrow Ho Chi Minh," Admiral Moorer said. "It was not the Joint Chiefs of Staff that put a 30-mile buffer zone along the Chinese border and thereby permitted the Chi-



General David C. Jones

nese supplies to be assembled in large quantities, and then slide into Hanoi at night."

Most attempts at reform of the Joint Chiefs have centered on strengthening the chairman, General Jones wants, or creating a top military council with members who are not also service chiefs, as General Meyer has proposed. Pending House measures would make the chairman a member of the National Security Council, place him in the chain of command between the secretary and the field commanders and give him more control over the joint staff.

The navy and marines have taken the lead opposing greater centralization, as they have consistently since 1948.

"Back then, the very character of the service was at stake," William J. Lynn, research associate at Georgetown University's Center for Strategic and International Studies, said in a recent interview. "The air force was trying to take away navy aviation; the army was trying to take away the marines."

BUT Mr. Lehman cited arguments of the Joint Chiefs in support of the Jones proposal. "The chairman of the Joint Chiefs of Staff is an equal to the defense secretary, seriously threatens traditional military subservience to civilian authority."

"Interservice rivalry is a problem, and it is inefficient," Mr. Lehman said. "Efficiency operation can very well be at odds with civil control. Nobody ever said our system was going to be the most efficient."

But Mr. Lehman said that creating a "general staff" — or a "Prussian-style general staff" — is often pejoratively called "a" is unlikely to improve efficiency anyway.

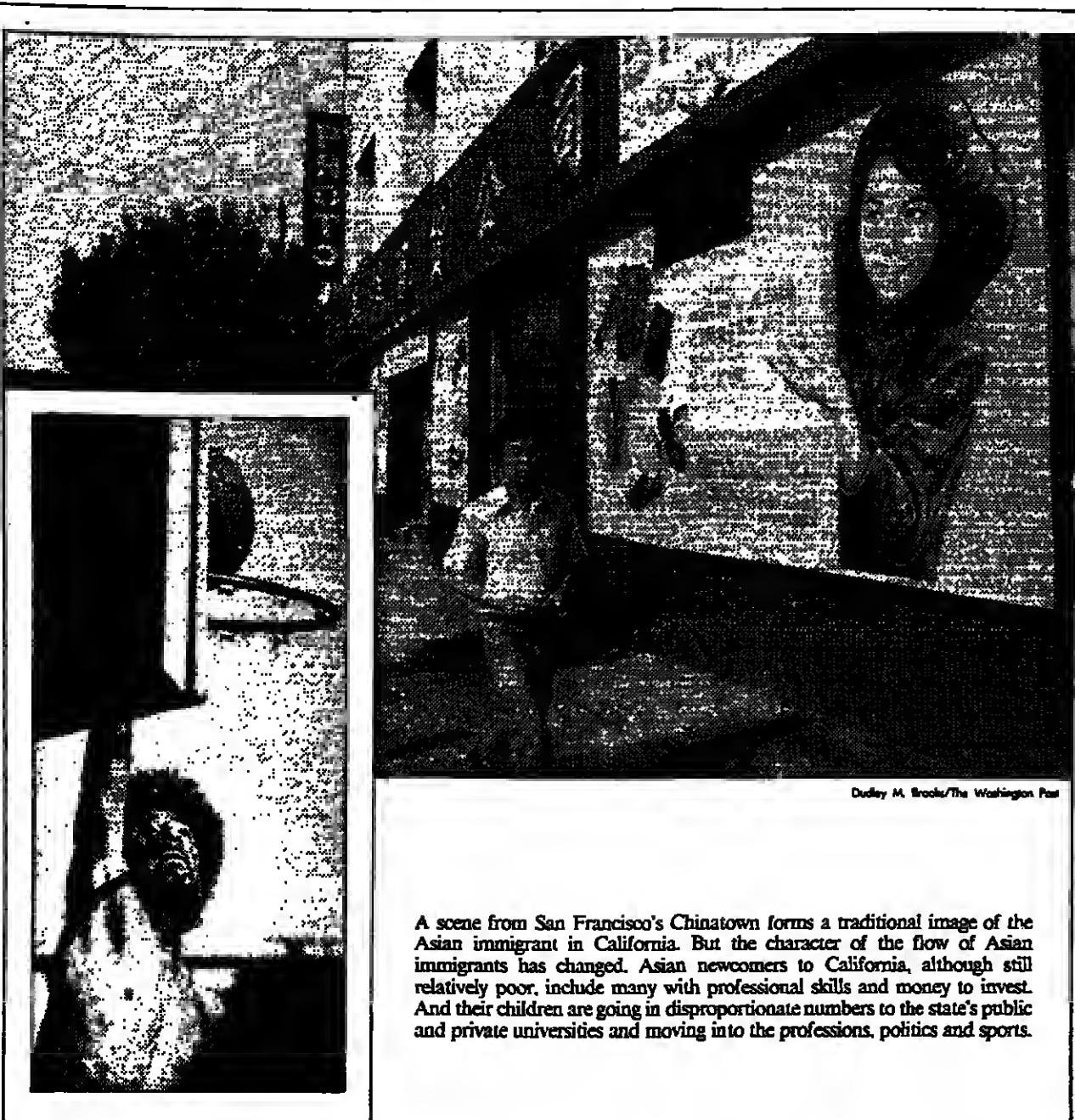
"It's going to make what went wrong in Lebanon even worse," he said. "Interservice rivalry exists primarily in Washington on huge, on blown staffs. In the field, commanders work together all the time. We need to strengthen the role of the theater commanders."

Mr. Weinberger has said he supports placing the chairman in the chain of command, it opposes promoting him to the National Security Council. General John W. Vessey Jr., current chairman of the Joint Chiefs, has said he believes the chairman should serve on the NSC, but does not need increased power on the staff.

The current chiefs as a group have said they work well together and see no need for major change. General Meyer said that General Vessey deserved credit for the current smooth operation, but that the system should not depend "on the personality of an individual."

In addition, General Meyer said that the past three years of unprecedented peacetime budget growth may have masked some problems.

"When you have growing budgets, it's easy to be friends," he said. "But whether you like it or not, that won't last forever. Either we're going to spend ourselves into extinction, or we have come up with alternative strategies and ways to allocate the resources."



A scene from San Francisco's Chinatown forms a traditional image of the Asian immigrant in California. But the character of the flow of Asian immigrants has changed. Asian newcomers to California, although still relatively poor, include many with professional skills and money to invest. And their children are going in disproportionate numbers to the state's public and private universities and moving into the professions, politics and sports.

California Reaches Out Across Pacific State Spreads Cultural, Financial Interests From Asia to U.S. Heartland

By Jay Mathews

Washington Post Service

SAN FRANCISCO — The concrete docks south of the Ferry Building bustle with new life. The choicest products of late 20th-century Asia — sports cars, video recorders and running shoes — slide off container ships to be replaced by the finest output of America's richest coast, California oranges, cotton and canned goods on their way across the Pacific.

The population center of the United States has been moving West for decades; the Sun Belt boom has become an old story. But much of that movement has involved Atlantic-centered business interests and Eastern-seaboard culture moving inland or leaping to the West Coast.

An entirely new set of cultural, financial and political interests is spreading to the American heartland from California and its new economic trading base, Asia and the vast Pacific.

This goes beyond the popularity of Asian-manufactured consumer goods. Japanese management techniques refined by California researchers have become required reading in business schools and executive seminars across the United States.

More than two of every five legal immigrants to the United States are Asian. The United States has more people of Filipino, Japanese and Vietnamese descent than any other country outside the homelands of these ethnic groups, and California has more than any other state.

Asians constitute more than 20 percent of the student bodies of the state's leading public universities and are moving into professions and politics.

To some ways California is as much a Pacific nation as it is part of the United States. One could call it the state of East Pacific. In this landmark year in which the state is entertaining the Democratic National Convention and the Summer Olympic Games, that rapidly expanding international outlook has much to teach would-be policymakers of both parties who want to know where this part of the country is going.

Only once in the last eight presidential elections has the state gone for the Democrats. That rare event occurred in 1964 when President Lyndon B. Johnson trounced Senator Barry Goldwater, an Arizona Republican. This year, another conservative Republican from the West is running for the presidency, and it is almost certain that this polyglot, internationally oriented state will vote to return President Ronald Reagan to the White House.

Indeed, were Mr. Reagan to lose his home state of California, it would spell almost certain disaster for his re-election bid.

One issue of great concern in Democratic candidates has become largely irrelevant here: How to protect U.S. workers from foreign competition.

Nearly half of all cars sold in California are foreign-made. California entrepreneurs care more about selling Central Valley rice to Hong Kong and Riverside County oranges to Kyoto than what happens to 3,800 autoworkers laid off in southeastern Los Angeles.

To such businessmen as Richard King, former state international trade director, bills in Congress to require U.S. parts in Japanese cars "would be a disaster."

This attitude has fueled the remarkable turnaround in U.S. economic history: Trans-Pacific trade has finally outstripped U.S. trade with Europe. A California study shows a record \$121 billion in U.S. trans-Pacific trade in 1982 compared with \$115.8 billion in trans-Atlantic trade.

Gladys Moreau of the Security Pacific Trading Corp., who made the calculation, said the \$121 billion in annual trade with Asia included about \$42.5 billion in Pacific trade going through California alone.

California's gross state product is more than the gross national product of all but seven of the world's countries — the United States, the Soviet Union, Japan, West Germany, France, Britain and Italy.

While revenues of the New York customs district dropped 3.5 percent in fiscal 1983, they climbed in California's three main port

regions, by 2.2 percent in the Los Angeles area, 2.4 percent in the San Diego area and 3.5 percent in the San Francisco area.

New York's long reign as the leading U.S. collector of customs is nearly over. Since 1979 its margin over second-place Los Angeles has narrowed, from \$418 million to \$40 million. Toyota is about to save a huge General Motors plant in Fremont, California, by allowing it to reopen as a Japanese-U.S. venture. Twenty-five California autoworkers and executives have become celebrities in Japan by traveling to the city of Toyota to learn management and production techniques for the new company, New United Motor Manufacturing Inc.

Chalmers Johnson, a University of California professor, is one of several scholars chronicling the shrinking Pacific. He notes that Japanese capitalists have become so enraptured by California's electronic mecca, Silicon Valley, that they routinely have been selling detailed maps showing the location of individual Silicon Valley companies, together with pictures of the homes of their chief executives.

ON this side of the Pacific, California political leaders such as Mayor Dianne Feinstein of San Francisco and Mayor Tom Bradley of Los Angeles have traveled extensively in Japan and China to boost economic ties.

Mrs. Feinstein and Mr. Bradley join a new breed of California entrepreneurs and politicians who reject the notion that U.S. markets must be protected from Japan. Instead, they look for ways to invade Japanese and other Asian markets.

In his office in the Fine Arts Building in central Los Angeles, Richard King, an Asian trade expert, spends much of his time advising Americans on how to reach the finicky Japanese consumer.

A client calls with a question about a major exhibition that Mr. King is helping organize in Tokyo to familiarize Japanese with the delicate taste of the California date. Mr. King's philosophy, near to becoming an article of faith in California, is that U.S. goods will sell in Asia if introduced carefully and backed up with quality and service.

In 1978, Mr. King was persuaded by Edmund G. Brown Jr., then the governor, to be the state's first director of international trade. His previous work had included marketing U.S. medical electronic equipment in Japan and establishing the Los Angeles World Trade Center.

The state continues to promote foreign trade, while Mr. King has returned to private business to pursue his drive to make California an even greater Pacific trading hub.

Mr. King has advised a California vintner on the Japanese palate. He has led a Japanese conglomerate through the complicated contract language and personal contacts necessary to get a former college star athlete for a professional basketball team in a Japanese league. His house is decorated with Chinese scrolls and Japanese swords and poems written by special friends.

"There's no question in my mind that the Pacific basin trade will double in the 1980s," he said. "Just consider that 60 percent of humanity lives in the Pacific region; the fastest growing economies are there, as well as the two most advanced economies."

SENSING how all this activity has affected political attitudes, Senator Gary Hart, a Colorado Democrat, chose the televised debate that climaxed the June 5 presidential primary in California to deride his chief opponent, Walter F. Mondale, for supporting domestic-content legislation in Congress.

This bill would require foreign-made cars to have a certain percentage of U.S. parts before being sold in the United States. Mr. Hart's primary victory in California in part reflected the negative attitude toward such action in a state where a million manufacturing, service and farm jobs depend on foreign trade.

Mr. Bradley said he generally objects to protectionist measures, and Mrs. Feinstein specifically opposes the domestic-content bill.

It is ironic that the richest state in the greatest industrial power in the world exports

farm products to Asia in exchange for manufactured products from industrialized and Third World countries. But Californians point out that they are also shipping high-technology products to the rest of the United States.

Trade gives California \$10.5 billion in wages and salaries, \$3.5 billion in taxes and \$35 billion in business revenue.

Lee Price, an economist for the United Auto Workers union in Washington, defends the domestic-content bill as a necessary barrier to international plunderers. He quotes a dissident Japanese economist as warning of damage from export surges.

"Japan has the capacity to cause major industrial disruption in this country, and we should not allow it to happen," Mr. Price said.

To which Representative Ed Zschau, a California Republican, shakes his head. The domestic-content bill would force Japanese trade retaliation, but as U.S. electronic products were beginning a new surge, even in Japanese markets. The bill is an exercise in Eastern cynicism, Mr. Zschau said.

Colleagues in the House of Representatives told him that they voted for the bill only because they knew Mr. Reagan would veto it, and it was easier to explain to constituents a vote for U.S. jobs than the long-range benefits of freer world trade, he said.

POLITICIANS in Washington looking for Western help in seeking Japanese scapegoats fail to realize how much Asians and their culture have become part of California life since World War II.

A century ago, mobs in San Francisco set fire to the docks where Chinese and Japanese immigrants landed. Earlier in this century, Chinese were barred from owning land, and Japanese-Americans were sent to wartime relocation camps.

The character of the flow of Asian immigrants has changed. Today's Asian newcomers in California, although still relatively poor, include many with professional skills and money to invest. Such countries as South Korea, the Philippines, Taiwan and Hong Kong suffer periodic political panics that create new surges of Asian capital into California real estate, small businesses and banks.

Today, in California's private and public universities, where the state's future is being made, the number of Asians is disproportionate.

Asians account for 5.3 percent of the state population. But in the fall of 1983, 22.9 percent of undergraduates at the University of California at Berkeley and nearly 21 percent of those at UCLA were of Asian or Pacific Island descent. The last two freshman classes at the California Institute of Technology have been about 21 percent Asian descent, and the proportion is rising.

Unlike the last century, Asians no longer make simple, once-a-lifetime journeys to California. There is more fluidity. Americans flying the trans-Pacific route often encounter Korean traders or Taiwanese restaurateurs commuting between investments in Kaohsiung and Garden Grove, Pusan and Pasadena.

"The idea that people get uprooted from their homes and make a total commitment to their new society has to be rethought," said Lucie Cheng, a Chinese immigrant who is a professor of sociology at UCLA. "There are many people who go back and forth."

California businessmen believe that politicians in Washington have taken far too long in coming to grips with what has happened on the West Coast, even with the burst of interest in California in an Olympic and convention year.

The U.S. capital is still much closer to the Atlantic than to the Pacific. Its powerbrokers do not yet seem to appreciate the weight of goods that floats on that ocean, filling container berths on the Pacific rim from Seoul to Sydney with U.S. products.

It may take time, but many traders here say they think that Washington is waking up to a new theory of trade reality. It will eventually learn to its great benefit, a Los Angeles trade entrepreneur, Charles Nevil, said, that "California is the leader of trade in the Western states and the Western states are the leader of all world trade for the United States."

A U.S. Doctor's Unusual Guatemala Clinic

By Stephen Kinzer

New York Times Service

CHIMALTENANGO, Guatemala — To those accustomed to Western concepts of medicine, the thriving clinic in this provincial capital might seem anything but ordinary.

Beside one bed, two Indians in brilliantly colored clothing chant prayers to Mayan gods. Nearby, a patient reaches into her satchel and hands a dead chicken to her husband, who takes it into the backyard and begins to cook it.

The American-born physician who set up the clinic 22 years ago, Dr. Carroll Behrhorst, said he believes curing sick people is not a very important part of a doctor's job. He prefers medicinal plants to prescription drugs and considers modern medical technology a waste.

"When I first came here in 1962, I started out by curing people," Dr. Behrhorst said. "Pretty soon I realized that they were never going to make much of an impact on mortality and morbidity by just giving out pills and cutting people open. That's why this has become more a health program than a medical program."

Dr. Behrhorst's wife and many of his close friends are Guatemalan Indians, and he has immersed himself in the native culture to the point that he can tell at a glance what tribe and village each of his patients comes from.

The sick people who pass through his clinic are only a small part of his program.

Dr. Behrhorst and his colleagues, all of whom are Guatemalan, have trained hundreds of Indians as local health promoters. Each lives in his native village and treats the sick.

Other workers based in Chimaltenango fan out through central Guatemala to build latrines, plant trees, explain principles of nutrition and help to establish crop-marketing networks.

Dr. Behrhorst has developed a list of priorities that he believes doctors in developing countries should follow. Most important, he said, is to fight social and economic injustice.

Then, in order of importance, physicians should work to improve patterns of land tenure, improve agricultural production and marketing, put into effect acceptable population control programs, combat malnutrition and train local people to provide health care.

The seventh and last priority on Dr. Behrhorst's list is the practice of curative medicine. The huge majority of sick people, he said, have no need for a highly trained physician.

"Doctors don't teach their patients to respect themselves and do things for themselves," he said. "A doctor should be primarily an educator," not "some kind of deity."

Rightist terrorists have killed many of the Indians who have worked with the Behrhorsts; apparently they fear that organizing villagers is inherently subversive. At the same time, some liberals in the United States and Europe have condemned him for remaining in Guatemala and working to improve conditions that they say can only be improved by revolution.

"We have maintained communication with both sides in this guerrilla conflict," Dr. Behrhorst said. "Our survival is not compatible with any kind of political stance."

Three years ago, at the height of the Guatemalan Army's anti-guerrilla campaign, Dr. Behrhorst left the country for two months after receiving death threats.

"A lot of people were killed right in this town during those days," he recalled. "It was a period of terrible fear, terrible atrocities."

With the region now apparently pacified, Dr. Behrhorst's clinic is again busy. But health promoters still do not venture into many areas, and employees at the clinic say a large part of the patient population is made up of widows.

Dr. Behrhorst devotes much of his energy to project designed to improve the health of 15,000 workers on 12 large farms around the country. It is supported by the landowners, who pay 1 cent a month per worker for their participation.

"This is one project of ours that leftists on the side of the country really hate," Dr. Behrhorst said with a smile, "because we are working with the landowners, who they see as the enemy."

He showed a visitor a letter he received this month from a religious group in the United States that strongly recommended him for organizing social projects while a military regime remains in power.

"Not every landowner," he said with a look of exasperation, is a villain. "The ones who sponsor this work are motivated by a combination of humanitarian reasons, a desire to improve production by keeping their workers healthy and recognition that they can take the edge off the social conflict with this kind of thing."

The project is centered on encouraging sanitary housing, balanced diets, birth control, clean water and other nonmedical programs.

"We have seen a rapid drop in mortality," Dr. Behrhorst said, "and visits to the clinics have been established by half."

The doctor talked at length about the richness of the native culture, which he described as "proud, dignified, self-affirming and life-loving." Try as he does to play down his personal role, he is unable to avoid the quiet adulation of his patients.

"The doctor is a dreamer, a man from far away who understands our people," said an Indian woman. "We wish he was a piece of paper so we could make many copies of him."

Dr. Behrhorst, who spends several months each year teaching at Tulane University in New Orleans, said he was devoted to Guatemala and expected to spend the rest of his life here. But he said he believes the model he has established can be used elsewhere.

"You couldn't transfer the program intact," he said, "but the general guidelines are applicable to other developing countries. The idea is to get rid of the doctors and replace them with local people who understand the needs of the people."

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Collection Reductive

Business Comes to

of an Artist-Writer

Middle-Aged Unknown

Business MASTER FE

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ARTS / LEISURE

Ungaro's Collection Is Soft, Seductive

PARIS — Emanuel Ungaro has made it to the top with the prettiest and most feminine collection. Except for Yves Saint Laurent, who is showing today, it is hard to see how he can be outdistanced.

HEBE DORSEY

Heavy sampling of wealthy American women — back in Paris because of a strong dollar — were roof of his international success.

Professionals were beaming. This is what we come to Paris for, said Anita Smaga, a retailer used in Geneva. Sonia Caproni, fashion director of L. Magnin, San Francisco, was equally enthusiastic.

Ungaro's triumph Tuesday was that of a hardworking, dedicated artisan. When he started years ago, he was known as just a tailor. Now, it is proving that he can handle the most fluid silks as well with total control.

Ungaro is also into seduction, and his collection kept singing the same love-me-tender tune. Accessories helped — still rooted as they were in the dreamy Edwardian era, with chokers, garters, big plaques, long gloves and elaborate gathered cuffs. Colors, including a pretty baby pink worked into intricate pleating, were soft counterparts to masses of black. The lack, drenched with veils, velvets and lush laces, was not exactly ad.

Here, short was beautiful, a neat trick when everybody is opting for long. Ungaro has loosened up: His

new draped dresses are not as tight, snug and figure-conscious as they used to be. They look better and move better. The trio in pastel blue, pink and mauve brought down the house.

One of Ungaro's prettiest ideas was the black velvet camisole tops with cut-out embroidery. Slim and tapered pants, cut in menswear fabrics, were worn with long, closed-up blouses, and topped with strong, checked coats. Wonderful new coats — short, square-shouldered and tapered — opened a new direction.

Long jackets and short skirts were balanced with a beautiful sense of proportion, which unfortunately did not work out with longer lengths, where Ungaro got bogged down. Now and then, Ungaro, who can be a bit baroque, fell for over-complicated velvet lapels, with tortured curls of braid and jet. But the hits far dominated the misses.

At Chanel, the collection, designed by Karl Lagerfeld, was held in very festive surroundings — the foyer of the Paris Opera, against a backdrop of magnificent flowers that reached almost to the lofty ceiling. The collection, which was as social as a theater premiere, was followed by a candlelight supper for 1,000 people, with acrobats walking a tightrope over the grand stairway.

The collection itself is getting to be more Karl and less Coco by the season. Now, a Chanel suit can mean just a Chanel jacket with



Lagerfeld's plaid coat for Chanel; Ungaro's draped dress.

leaner skirt, with mermaid skirts neatly cupping the derrière, gave an added sexiness to the Chanel clothes. The trimmings — gold buttons, belts, jewelry and shoes — were still there, making the clothes easily identifiable.

The only thing wrong with this collection was all the Chanel hemlines, which, hitting right below the knee, at what Mademoiselle considered a perfect and somewhat prudish height, now look passé. But

Lagerfeld will eventually see to this, as two looser-skirted, violet velvet suits clearly indicated.

A believer in opulence, Lagerfeld, showed more of his elaborate embroideries, a follow-up on last season's Delft porcelain embroideries. This season, the prettiest were copied on jeweled, jade and black enameled powder boxes, while others, in a new dark yellow gold beading, recalled the czarist days in Russia.

Bridging the American Musicals Gap in Europe

By Joan Z. Shore
International Herald Tribune

BEZIER, France — Query: What are Betty Comden, Adolph Green and Phyllis Newman, three dazzling denizens of Broadway, doing in the French provincial town of Beziers?

Answer: They're teaching and performing in a 10-day festival of American musical theater, along with Joyce Aaron, the founding member of New York's Open Theater; Edmund Keese, former associate director of the American Dance Machine and three break-dancers from Harlem.

The "students" at this event are 50 actors, singers and dancers from 10 countries — Romania, Czechoslovakia, Poland, Madagascar, Israel, the Netherlands, West Germany, Belgium, France and the United States. Some are seasoned professionals, such as Hannah Lazlo, a star of Israeli stage and television; some are starry-eyed schoolchildren with a passion for theater.

Since Friday, they have been attending morning and afternoon workshops in the town's municipal theater, a red-painted gem of the Louis Philippe period in the 19th century, or in the Sainte-Aphrodise cloister of the 11th century, which has been renovated.

Evenings are spent watching live performances in the Théâtre de Verdure, a small, open-air arena set in the landscaped park, or watching movies — a retrospective of such Comden and Green hits as "On the Town," "Bells Are Ringing," "The Band Wagon" and "Singin' in the Rain." ("It's still the third most popular movie in the world," grins Green, "tied with 'Seven Samurai.'")

The mastermind behind the festival, which is called The Bridge, is Avra Petrides, a former actress and playwright from New York, who fell in love with the south of France and organized the first festival two years ago in nearby St. Chinian. The composers Alan Jay Lerner and Virgil Thomson were the artists-in-residence, and the project was funded by United Technologies Corp.

Forced to cancel the festival last year for personal reasons, Petrides started out fresh this year with help from several French, American and private cultural foundations. The venue was changed to Beziers, at the invitation of the city's mayor, Georges Fontes, and a town councillor, Jacques Boyer. They're eager to continue the festival every summer and make it at least as big an attraction as the August bullfight and the local rugby team (11 times the champion of France).

The residents of Beziers are just beginning to catch on to the idea. They were cool to the opening performance of the French bass player, Joëlle Landre, who builds a low-key comedy act around her

bulky instrument. But they turned out in droves to watch the Harlem Breakdancers, who roam around the city's sunbaked streets giving lessons to Beziers boys.

At the end of the week, Newman will perform sketches from her one-woman show, "The Madwoman of Central Park West," and Comden and Green will present their Broadway review, "A Party with Betty Comden and Adolph Green," which includes material from their earliest days together performing in nightclubs.

The three performers have worked apart and together in various combinations, and inevitably, there is always confusion as to who is Mrs. Green. It is Phyllis Newman, who met Green when she auditioned to be Judy Holliday's understudy in the Broadway production of "Bells Are Ringing." "I got the job, and I got a husband," she said. She will be giving three seminars on character and performance, while Comden and Green will be holding workshops on writing and composing for musical theater and all aspects of production.

Comden, Green and Newman seem to personify what American musical theater is about: vitality and versatility. Although the style is appreciated in Europe, it has never been emulated, and Petrides thinks it is largely because Europeans are trained as specialists, not as all-around performers.

Comden agreed, and added, "In Europe, they have never been able to do it quite the way we do. It's a highly collaborative art. All departments work together. In Europe, they still think very separately. There's also a feeling that opera is one thing and all the rest is kind of low class."

"There's a throwaway quality in American musicals," Green said. "There's a lack of pretension and a



Betty Comden and Adolph Green.

sense of joy, and that's what we want to get across here." But the idea of The Bridge is to instruct, not indoctrinate. Newman explained: "This experience should

free people to find their own way of doing things and incorporate the best of what we have to offer. All we can do is share our experience and hope they get excited about it."

Alec Guinness Comes to Life Too Late as Shylock

By Sheridan Morley
International Herald Tribune

ONDON — Early in the rehearsal period for the new "Merchant of Venice," if Alec Guinness let it be known that he was hoping to give his Shylock in simple surroundings and that is surely what he has received. Even the Pamela Howard setting so functional that it indicated the

THE BRITISH THEATRE

range of scene from downtown Venice to up-country Belmont, a water-stage fountain is merely resolved a few feet to the left.

So far, so basic: This is an ideal hakespeare, commendably unencumbered with the rustic campy that strangled Patrick Garland's

last Chichester Festival Shakespeare in 1983, "As You Like It." Instead we get a clear, cool look at the text and intelligent readings of the, usually interminable, casket scenes.

What we don't get, though, is much of an idea about why we are being asked to watch this "Merchant" beyond the fact that a Guinness Shylock was undeniably a long overdue idea and Sir Alec happens to be very handy. This is an oddly muted performance that, on the first night at least, refused to blaze into any kind of dramatic power but remained consistently watchable.

There was a moment at the very end, when he came off after the court scene and descended a staircase right, that showed how powerful his Shylock would have been

had it been caught by a close-up camera: His eyes were ablaze with the injustice that had been done his tribe by Venetian laws, but you would not have noticed from more than a couple of feet away, and Chichester has some vast open spaces to fill.

There are also moments toward the end when it becomes clear that Garland has had a number of thoughts about the text: He suddenly lights up stone inscriptions at the back of the set that have been in shadow until they spell out the full historic arrogance of Venetian anti-Semitism, and again within minutes of the end, we suddenly get the feeling that Jessica, a hitherto subdued Leslee Udwin, is about to rebel at the ghastly double standards of Belmont.

But by then it is too late: A couple of hours have passed in a hand canter through the plot, and although Joanna McCallum makes a wonderfully statuesque Portia, there were still times when I had the distinct feeling that she was going to slap her thighs with a riding crop and announce that Dick Whittington would be lord mayor of London after all. This curious pantomime effect also comes of having the Duke and some minor friends of Antonio cross-cast from the current Gershwin revival on the same stage.

None of that would matter were Guinness able to pull his scenes into shape. But given a supporting cast often unversed in Shakespeare and his own determination not to go the Olivier route to a flamboyant defeat by Portia, we are left with an unfocused, dutiful adequacy.

Jane Carr is a bouncy and splendid Nerissa, and Frank Shelley brings a welcome moment of tribal dignity to the scene. But for the rest, it is an evening of elegant neutrality perfectly suited to a Saturday matinee.

After the fiasco of their "Importance" musical, the Ray Cooney Theater of Comedy is now falling flat at the Shaftesbury as a result of a still more catastrophic technical decision. Contrary to what you have read elsewhere, the idea of a William Douglas-Home revival was a brilliant one. For far too long he has suffered from careless critical attack, and when they come to write the history of modern theater, I maintain, his "Children Hundreds," "Reluctant Debutante" and "Secretary Bird" will be considered three of the best light comedies of the century.

Instead of doing any of those, however, the Theater of Comedy has dug up a rare horror from 1966 called "A Friend Indeed," which even the great and good David Tomlinson failed to make anything of. Seen now, with Derek Nimmo and Geoffrey Palmer valiantly searching out nonexistent laughs and Maura Lister peering across the stage as if opening a safe for which not quite enough of the faithful have turned out, it is a disaster area of unbelievable proportions. It is produced in association with

British Airways. Perhaps if performed very fast in a gangway half way across the Atlantic it might look a bit better. At least there they give you masks and earplugs.

The nightingales may have fled from Berkeley Square, and there may not be many angels dining at the Ritz these days, but the good news is that Steve Ross is now there at the restaurant piano every night except Saturdays until mid-August.

Ross is the last great architect of the Broadway popular song and whether reminding us of long-lost Gershwin or belting through the score of "Cage Aux Folles," as yet unheard on this side of the Atlantic, he is unbeatable and unmissable.

Still looking as though he has been dragged from a 1930s movie, Ross has now been joined for the first time by a backup group, but he is really at his best when alone at the keyboard recalling what the late John Whiting once called "all those songs we sang to our girls in the back of the red MG coming home from a Thameside pub in the summer of 1936."

What the Ritz is offering is musical history, and those diners who persist in talking through Ross's act should be locked up for several weeks at matinees of "Starlight Express."

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Amgen	10,853	108 3/4	108 3/4	108 3/4	+1/4
Amgen	10,853	108 3/4	108 3/4	108 3/4	+1/4
Amgen	10,853	108 3/4	108 3/4	108 3/4	+1/4
Amgen	10,853	108 3/4	108 3/4	108 3/4	+1/4

Dow Jones Averages					
Index	Open	High	Low	Close	Change
Indus	10,853	108 3/4	108 3/4	108 3/4	+1/4
Trans	10,853	108 3/4	108 3/4	108 3/4	+1/4
Auto	10,853	108 3/4	108 3/4	108 3/4	+1/4
Chem	10,853	108 3/4	108 3/4	108 3/4	+1/4
Health	10,853	108 3/4	108 3/4	108 3/4	+1/4

NYSE Index					
Index	Open	High	Low	Close	Change
Indus	10,853	108 3/4	108 3/4	108 3/4	+1/4
Trans	10,853	108 3/4	108 3/4	108 3/4	+1/4
Auto	10,853	108 3/4	108 3/4	108 3/4	+1/4
Chem	10,853	108 3/4	108 3/4	108 3/4	+1/4
Health	10,853	108 3/4	108 3/4	108 3/4	+1/4

NYSE Closing					
Index	Open	High	Low	Close	Change
Indus	10,853	108 3/4	108 3/4	108 3/4	+1/4
Trans	10,853	108 3/4	108 3/4	108 3/4	+1/4
Auto	10,853	108 3/4	108 3/4	108 3/4	+1/4
Chem	10,853	108 3/4	108 3/4	108 3/4	+1/4
Health	10,853	108 3/4	108 3/4	108 3/4	+1/4

AMEX Diaries					
Index	Open	High	Low	Close	Change
Indus	10,853	108 3/4	108 3/4	108 3/4	+1/4
Trans	10,853	108 3/4	108 3/4	108 3/4	+1/4
Auto	10,853	108 3/4	108 3/4	108 3/4	+1/4
Chem	10,853	108 3/4	108 3/4	108 3/4	+1/4
Health	10,853	108 3/4	108 3/4	108 3/4	+1/4

NASDAQ Index					
Index	Open	High	Low	Close	Change
Indus	10,853	108 3/4	108 3/4	108 3/4	+1/4
Trans	10,853	108 3/4	108 3/4	108 3/4	+1/4
Auto	10,853	108 3/4	108 3/4	108 3/4	+1/4
Chem	10,853	108 3/4	108 3/4	108 3/4	+1/4
Health	10,853	108 3/4	108 3/4	108 3/4	+1/4

AMEX Most Actives					
Symbol	Vol.	High	Low	Close	Change
AT&T	11,141	47 1/8	47 1/8	47 1/8	+1/8
IBM	10,853	108 3/4	108 3/4	108 3/4	+1/4
GE	10,853	48 1/2	48 1/2	48 1/2	+1/4
Merck	10,853	108 3/4	108 3/4	108 3/4	+1/4
Amgen	10,853	108 3/4	108 3/4	108 3/4	+1/4

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
A											
21	13%	AAR	6	52	21	79%	29%	29%	29%	29%	29%
21	13%	AAR	6	52	21	79%	29%	29%	29%	29%	29%
21	13%	AAR	6	52	21	79%	29%	29%	29%	29%	29%
21	13%	AAR	6	52	21	79%	29%	29%	29%	29%	29%
21	13%	AAR	6	52	21	79%	29%	29%	29%	29%	29%
21	13%	AAR	6	52	21	79%	29%	29%	29%	29%	29%
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21	13%	AAR	6	52	21	79%	29%	29%	29%	29%	29%
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21	13%	AAR	6	52	21	79%	29%	29%	29%	29%	29%
21	13%	AAR	6	52	21	79%	29%	29%	29%	29%	29%
21	13%	AAR	6	52	21	7					

NYSE Slumps to 17-Month Low

United Press International
NEW YORK — Prices on the New York Stock Exchange plunged to a 17-month low Tuesday, despite attempts to rally, giving the market its fifth consecutive loss in sluggish trading.
 Brokers said a late afternoon selloff in bellwether General Motors stock had a domino effect on other blue-chip issues in a session filled with uncertainty about the course of the economy and interest rates.
 The Dow Jones industrial average, up 3 at the outset after losing 4.75 points Monday, plunged 10.05 to 1,086.57, the lowest level since it finished at 1,080.40 on Feb. 22, 1983.
 The Dow has lost 36.33 the past five sessions and is down 300.07 points since hitting its 1984 high of 1,386.04 on Jan. 6.
 General Motors, a component of the Dow average, was the third most active issue, losing 2 1/4 to 64 1/4. Apparently some analysts have lowered their second-quarter earnings estimates for the auto giant because of a metalworkers' strike earlier this year in West Germany.
 GM officials said they knew of no reason for the drop. David Healy of Drexel Burnham Lambert said he thought the drop "might be a little bit of nervousness about the second quarter earnings and all the publicity about the labor negotiations."
 Declines led advances 961-537 among the 1,942 issues traded.
 Volume totaled 74.4 million shares, down from 78 million traded Monday.
 Analysts said the slower trading indicated that many big investors stayed on the sidelines to await a news conference from President Ronald Reagan.
 Some investors also were anxious about test-

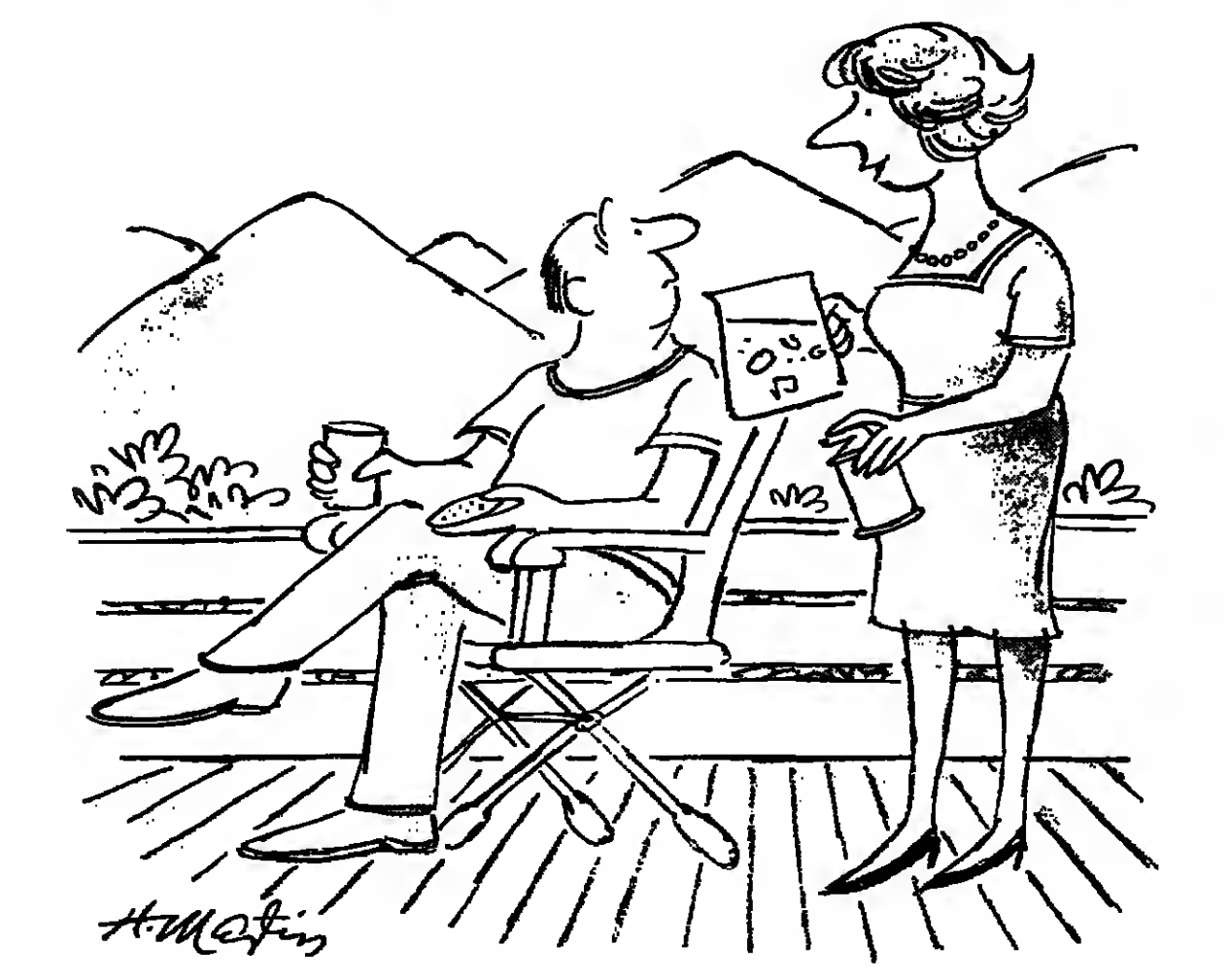
move before Congress Wednesday by the Federal Reserve chairman, Paul A. Volcker. Many were hoping Mr. Volcker would clear up confusion about interest rates and the economy in his testimony.

The bond market rallied on news that durable goods orders unexpectedly dropped 3.3 percent in June following a revised 3.8 percent increase the month before. But that rally faded.
 At the same time, consumer prices rose only 0.2 percent in June following a 0.2 percent increase in May. Consumer prices for the first half of the year rose at an annual rate of 4.1 percent.
 These reports followed government data Monday that showed the second-quarter gross national product grew at a higher-than-expected 7.5 percent annual rate following a revised 10.1 percent surge in the first quarter.
 AT&T was the most active NYSE-listed issue, off 1/4 to 74.
 GM was third, Ford lost 3/4 to 36 1/4 and Chrysler 1 1/2 to 24 1/4. The automakers posted a 13-percent hike in mid-July sales.
 IBM lost 1/4 to 103 1/4. The European Community is expected to decide a four-year-old antitrust suit against IBM this week.
 Continental Illinois rose 3/4 to 4 1/4. Published reports said Continental will sell \$4.5 billion worth of bad loans to the FDIC, which will inject another \$1 billion into the company as part of the largest U.S. bank rescue.
 JMT Group, down 1 1/2 Monday on second-quarter earnings of \$1.01 a share against \$1.08 a year ago, plunged 3 1/2 to 31.
 Palm Beach Co. climbed 6 1/2 to 35 1/2. The company agreed to a \$40-a-share leveraged buyout by a management group and Merrill Lynch.

"SWEAT OF THE SUN"

The price of gold has tarnished, aborting the fantasies of gold bugs and their gurus, among them the Aden sisters, the lissome lassies who persistently purr in their investment service that gold will gyrate over \$3400 an ounce; a prediction our researchers have ridiculed.
 The Adens are sisters under the skin to promoters of gold seminars; "currency experts" who make great gobs of paper money, debunking "paper". The universal distribution of bullion and gold shares from High Priests of Finance to naive believers in the Pews has been articulated by C.G.R.; a distribution, a madness, that will join the ranks of the infamous South Sea Bubble as evidence of man's culpability and greed. The insecticide of rationality has destroyed gold bugs; still, there is tomorrow.
 For once everyone is convinced that gold, a substance the elite called the "Sweat of the Sun" cannot glitter again; it will. To convince the "Crowd" as to the efficacy of the "law of contrary reason" is as difficult as sneaking sunrise past a rooster.
 Months ago, our analysts mocked the "consensus", writing, "Look for one more sledge hammer blow below \$360, before a sparkling rally occurs". The hammer has hit. Money never moves out of gold or any other commodity; it merely changes pockets. Every analyst and airline attendant has names of bonafide gold shares that have been pulverized; few appear on "buy lists" for, as always, the "Street" is selling into weakness, violating every shred of fiscal common sense.
 As contrarians, we urge the Public to stash away ASA \$50, CHIEF CONSOLIDATED MINING, Pacific Coast Exchange \$9, HOMESTAKES \$21 and WESTERN DEEP LEVELS \$45, emulating the piousettes of "Power Elitists" and other perceptive iconoclasts who are absorbing at wholesale levels the discards of the disenchanted. The scenario in gold is reminiscent of the malaise that infected "The Street" in 1982, when the Dow was dropping below 800. At the depths of despair, our researchers wrote... "THE DOW WILL TOUCH 1,000 BEFORE HITTING 750", a prophecy that has been sustained. Buy Gold on every dip; march in cadence to the Elite, and ignore the bleatings of bears. Our current report delineates why the DJI will catapult over 1500, why the "barbarous relic" will regain its lustre; in addition, C.G.R. highlights incubating equities that could vault to prominence; "special situations" duplicating the success of prior "special situations" that advance 400% or more.
 For your complimentary copy, please write to, or telephone:

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 1012 PK Amsterdam, The Netherlands
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Name:

Address:

Phone:

INT/29

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
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12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
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12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
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12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
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12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Change
12 Month	High										

St. Regis Rejects Offer by Murdoch

St. Regis Rejects Offer by Murdoch
 The Associated Press
NEW YORK — St. Regis Corp. said Tuesday that its board had rejected a proposal by a publisher, Rupert Murdoch, to pay as much as \$830 million for a controlling interest in the forest products company.
 William R. Haseilton, St. Regis's chairman, said that on Monday the board "determined that the proposal was not in the best interests of the company and the shareholders."
 He said a letter was sent to Mr. Murdoch informing him of the decision.
 A spokesman for Mr. Murdoch, who already owns 5.6 percent of St. Regis stock through two companies he controls, said Mr. Murdoch had no immediate comment on the decision.
 Last Wednesday, Mr. Murdoch proposed to St. Regis's board that the directors support his proposal to boost his stake in the company to 50.1 percent. He asked for a response by the end of business Monday.
 On a fully diluted basis, St. Regis has about 36 million shares, according to the Murdoch spokesman. Acquiring 44.5 percent of that amount for \$52 a share would cost about \$830 million.
 The companies hold a large share of the flat glass market in Benelux, he said.

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 Executive Report

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INTEREST RATES

GOLD PRICES

Herald Tribune

BUSINESS/FINANCE

S. Stocks
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INTERNATIONAL MANAGER

Computerized Resorts Offer Latest in Executive 'Sport'

By SHERRY BUCHANAN
International Herald Tribune

VITTEL, France — "Print, delete, return and send," shouted Denis Tournaire, one of the camp counselors known as *Gentils Organisateurs* with the Club Méditerranée in Vittel, one of France's best-known watering holes. "And don't be afraid to break anything."

Tanned, wearing a T-shirt and tennis shorts, his sunglasses hanging from a gold chain, Mr. Tournaire was not teaching some exotic new form of aerobics. A guitar player turned computer programmer, he teaches Club Med guests how to use and program a personal computer — mostly in French, but sometimes in English as well. Club Méditerranée is one of several resorts that have added computer centers to the variety of sports that are offered at no additional cost. In average, guests have access to more than a dozen terminals. And there are five hours of classes a day.

Notwithstanding bright sunshine, tennis courts and an 18-hole golf course over rolling hills, about 100 people a day attend the computer classes held in the casino of Vittel's old world Grand Hotel, testimony to the elegance of Vittel at the turn of the century. At Club Med, managers are proving that sports and high tech go together.

Computer camps and courses are being offered in resorts all over Europe. The result is that executives, theoretically seeking relaxation and a change from the office, are now running from their tennis games to their computer classes.

Only a few executives actually choose a resort for its computer center. One who did is a Swiss executive, who admitted, "I'm going to Vittel because it amuses me to fiddle around with computers."

But the majority of executives that attend the courses at the club are general managers who want to learn about computers not who don't have time during the rest of the year. A relaxed dress code and the simple language used in class — as little computer jargon as possible — is helpful in getting beyond any initial apprehension. "What we do here is demystify the computer," said Mr. Tournaire.

Philippe Roturier, head of Club Med's computer centers, said, "We're not saying you'll become the McEnroe of computer science," referring to the tennis champion. What they do try to offer, he said, are courses that teach the basics of programming. At Club Med, courses can be taught in various languages depending on the demand and the location of the resort.

The level of concentration in the class room in Vittel is high. "As far as I can tell, the only thing this personal computer can't do is bring you your toast in the morning," said one student.

Executives said they were attending the computer classes because their office had been computerized recently or because they wanted to decide whether to computerize.

"I don't expect the computer to become my second wife," said Alain Lewkowicz, a product manager with Laboratoires Allard, a French subsidiary of Bristol Myers. "What I want to do is apply what I learn here directly in the office. If the office got a system, I could do in an hour what five people are now doing in a week."

"I'm here because I don't know the first thing about it. Our office just got computerized and this is a good opportunity to pick up some knowledge," said Georges Capozzelli, with Novabell, a distributor for Alfa Romeo and Ferrari in Brussels.

One French executive was with Sodexho, a French multinational that provides catering to offshore oil platforms, in West Africa. He said he wanted to take up-to-date computer information back to West Africa. "The more people that are computerized in the company, the better. We are going to have cooks out here hundreds of miles offshore who are going to have to learn to use the computer. Somebody better be able to tell them what to do," Sodexho is installing a new computer system in Abidjan, Ivory Coast.

Another reason executives gave for attending the computer course during their vacation is that they want to be able to keep

(Continued on Page 13, Col. 7)

Exxon Net Rose 26% In Quarter

Higher Output, Recovery Cited

Compiled by Our Staff From Dispatches

NEW YORK — Exxon Corp., the world's largest oil company, said Tuesday its profit jumped 26 percent in the second quarter to \$1.35 billion from \$1.075 billion a year earlier, benefiting from increased crude oil production and an expanding economy.

On Monday, Standard Oil Co. (Indiana), the fifth-largest oil company in the United States, said its profit climbed 23 percent in the second quarter, to \$243 million from \$197 million a year earlier, as its earnings edged up 3 percent.

Exxon said profit was \$1.63 a share, up 30 percent from \$1.25 a share in the second quarter of 1983. Revenue increased a more modest 6.2 percent, to \$24.307 billion from \$22.881 billion.

C.C. Garvin Jr., Exxon's chairman, said results were significantly helped by increased production of crude oil, mostly overseas. Economic recovery and earlier cost-cutting steps also led to gains from Exxon's chemicals business and its Reliance Electric Co. subsidiary.

But he said results from the refining and marketing of petroleum products slid in the second quarter as a result of surplus supplies and spare refining capacity.

The strength of the dollar against other leading currencies also has hurt demand for oil products, which are sold for dollars in world markets, Mr. Garvin said.

Exxon's worldwide chemical earnings and its Reliance Electric Co. profits improved in the latest quarter.

For the first six months of the year, Exxon said profit jumped 32 percent to \$2.625 billion, or \$3.39 a share, from \$2.135 billion, or \$2.47 a share, a year earlier. Revenue increased 5.6 percent, to \$49.213 billion from \$46.586 billion.

Also on Tuesday, Ashland Oil Co., based in Ashland, Kentucky, announced that profit for its fiscal third quarter ended June 30 dropped 2.5 percent, to \$36.19 million, or \$1.01 a share, from \$37.14 million, or \$1.03 a share, a year earlier. Revenue was up 3.8 percent, to \$2.07 billion from \$1.99 billion.

Ashland's nine-month earnings climbed 32.1 percent to \$36.19 million, or \$1.01 a share, from \$31.75 million, or \$0.91 a share, last year. Revenue was up 3.6 percent, to \$5.99 billion, from \$5.78 billion. (AP, UPI)

Bertelsmann to Widen U.S. Activity

By John Tagliabue
New York Times Service

GUTERSLOH, West Germany — Bertelsmann, the big German publishing company, is looking over the lucrative U.S. media market as if the company realized that almost any project it undertook there would have greater potential than an investment in Europe.

About one-seventh of Bertelsmann's revenue is now generated in the United States, where the company and its Gruner & Jahr subsidiary own magazines, printing, publishing and record companies. Mark Woessner, Bertelsmann's chief executive officer, says the company plans to widen revenues from the United States to as much as one-third during the next 10 to 15 years.

In line with that goal, Gruner & Jahr announced June 5 a \$150-million bid for U.S. News & World Report. The bid failed, but one week later Bertelsmann disclosed plans to merge its worldwide record, music publishing and music video business with RCA Records. This, it said, would give it the economy of scale it needs to stay competitive.

Shortly thereafter, the company disclosed negotiations with three major U.S. film companies — MGM/UA Entertainment Co., MCA Inc. and Paramount Pictures Corp., a subsidiary of Gulf & Western Industries — to develop joint pay-television projects in West Germany.

Bertelsmann increased total sales in the fiscal year ended June 30 by 6.4 percent, to the equivalent of \$2.3 billion. Net income soared 60.3 percent, to \$90.4 million, after a 51.4-percent increase the year before. The company employs 30,900 people worldwide.

Bertelsmann is still determined a European enterprise. But it realizes that growth will be more coming from the United States than from Europe.

"The heavy expansion of the 1970s left us, frankly, with a hangover," Mr. Woessner said. "But now we have a healthy financial base, we're thoroughly streamlined. We have four times the profits we were making three years ago. We have sufficient capital, and no debt."

Bertelsmann moved a step closer to the electronic media last autumn, when it acquired 40 percent of a joint venture with Radio Luxembourg to broadcast television programs by satellite in Germany to areas of Germany, Austria, Switzerland, France and Belgium. That venture has become embroiled in the recent furor in Europe over a separate plan by Luxembourg for a satellite that would feed signals to cable systems and directly to home antenna dishes in several countries. The Bertelsmann venture was to have leased a channel

(Continued on Page 11, Col. 3)



Mark Woessner, chief executive.

pressed by ventures into such areas as foodstuffs and paper making, eventually led to his departure after differences with Mr. Mohn, who controls 89 percent of Bertelsmann's equity. The rest is held by Gerd Bucerius, a Hamburg publisher.

The new chief executive was Mr. Woessner, an engineer who worked his way up through a management-training program that was directed personally by Mr. Mohn. Shortly thereafter, Manfred Lehmann, an aide to former Chancellor Helmut Schmidt and his last finance minister, was named to the management board to run the company's printing and industrial enterprises.

"We define ourselves as a media company, not a conglomerate or holding company," he added. "We want to do the things we know best."

Bertelsmann's doubts about diversification outside the media business arose about five years ago when Reinhard Mohn, who built the company after World War II from a small religious printing house into a multinational publisher, retired and transferred day-to-day operations to Manfred Fischer.

Mr. Fischer's extreme views on streamlining the company to bolster profitability, which was de-

Consumer Index Rises a Slight 0.2% in U.S.

By Jane Seaberry
Washington Post Service

WASHINGTON — U.S. consumer prices continued to rise slowly, edging up 0.2 percent in June, as food prices rose for the first time in three months, the Labor Department reported Tuesday.

The Consumer Price Index for the 12 months ended in June rose at a 4.2-percent rate, well below expectations of many private and government economists. For the past three months, consumer prices have risen at a 3.3-percent annual rate.

The White House hailed the news. It is expected to point to strong economic growth, low inflation and lower unemployment during the election campaign.

Private economists said it appeared that inflation should remain below the 5-percent growth level through the end of the year.

There was a small increase in food prices which have either declined or remained unchanged since February. Food prices rose 0.1 percent in June, largely because of an increase in fresh fruit and vegetable prices.

In a separate report, the Commerce Department said new factory orders for durable goods fell 3.2 percent in June from levels in May. New orders for nondefense capital goods, a guide to future business spending, fell 6 percent in June.

However, economists said the one-month drop could not be construed as a pattern of lower business spending. New factory orders for nondefense goods reached a record high in May, and last month's figures although down from the

previous month were the second highest orders on record, the department said.

During the first six months of the year the Consumer Price Index rose at a 4.1-percent annual rate, the Labor Department said. Prices rose at a 5-percent rate during the first quarter and slowed to a 3.3-percent annual rate in the second quarter, largely because of a drop in food and beverage prices, the Labor Department said.

The price of oranges rose more than 20 percent in June primarily due to the shortages associated with the severe winter freeze, the Labor Department said.

The cost of gasoline declined somewhat sharply in June after rising in April and May. The cost of used cars rose as did housing costs, but apparel costs declined.

Medical care costs rose 0.5 percent, the same rate they have risen each month since February.

Dollar Declines After Report On Durables

United Press International

NEW YORK — The dollar suffered a setback Tuesday after a surprise decline in orders for American durable goods, but dealers predicted the U.S. currency would continue to rise at least until the November elections.

The British pound, which hit a record low of \$1.303 against the dollar earlier this month, and the West German mark, which has been at a 10-year nadir against the U.S. currency, both rebounded in trading.

The dollar also fell back from Monday's all-time high against the French franc — a record that drew a note of concern from France's new prime minister, Laurent Fabius, in his first speech before parliament Tuesday.

In late trading in New York, the pound strengthened to \$1.323 from Monday's \$1.321. The dollar eased to 2.8718 Deutsche marks from 2.879; it fell to 8.8025 French francs from 8.8385, and against the yen it fell to 246.08 from 247.25.

Reagan Calls U.S. Interest Rates 'Outrageous'

United Press International

WASHINGTON — President Ronald Reagan said Tuesday that interest rates are "outrageously high" and inflation cannot be used by Wall Street as the excuse for them.

But three Wall Street economists warned a congressional panel that unless government policies change and the budget deficit is cut, the nation can expect even higher rates.

"We've knocked the wind out of inflation," Mr. Reagan said at a Rose Garden reception.

The president said his critics have a short memory, failing to recall the 21 1/2-percent interest rates at the end of the Carter administration.

The prime interest rate is now 13 percent, and Mr. Reagan said rates "are still too high and we're not going to stop till we get them lower."

One of these days, and I hope it's very soon, some people will wake up and realize that not only is inflation firmly under control but we intend to keep it that way."

Mr. Reagan has complained that

Wall Street banks that set the prime rate are keeping it artificially high out of fear of future inflation.

But, he said, "With signs of future price trends pointing to low rates of inflation as far as we can see, I can't help believing that there's no excuse for interest rates being where they are."

"The interest rates today are outrageously high and they cannot have any excuse in inflation for their being at that level," Mr. Reagan said.

SEC Said to Investigate Trading in 40 Takeovers

Lawyers Say N.Y. Law Firm, Swiss Brokerage House Are Focus in Probe

By Fred R. Bleakley
New York Times Service

NEW YORK — The Securities and Exchange Commission is investigating whether laws prohibiting insider trading were violated in the purchase of stocks or options involving about 40 corporate takeovers from the late 1970s through last April, lawyers familiar with the investigation have said.

Thus far, the investigation has centered on a former associate at Wachlert, Lipton, Rosen & Katz, a leading corporate takeover law firm, the lawyers said Monday. The lawyers also said the investigation involves trading emanating from a Swiss brokerage that resulted in profits of as much as \$40 million.

Insider trading, or the use of information not generally available to the public to make stock transactions, is prohibited by federal law. John M. Fedders, the SEC's chief of enforcement, would neither confirm nor deny that the commission is conducting an investigation involving Wachlert Lipton. A federal prosecutor in New York declined comment on reports that a grand jury is looking into possible criminal offenses involved in the SEC investigation.

Michael W. Schwartz, a partner at Wachlert Lipton, declined to name the lawyer who is reportedly the target of the inquiry. Mr. Schwartz did say, however, that the lawyer recently resigned from the firm and "has been questioned by the SEC and has denied under oath any wrongdoing."

Mr. Schwartz said the SEC investigation involves the securities of many corporations, including some that are clients of his firm and a "great many" that are not.

He said his firm has been cooperating with the SEC for several months and that no individuals now employed by the firm have been questioned about the possible insider trading violations. The SEC, according to sources familiar with its investigation, is also seeking information from other leading takeover law firms.

David von Wyss, a partner in A. Sarasin & Cie., a major private bank in Basel, Switzerland, confirmed reports that Ellis AG, a Swiss brokerage owned by the partners of Sarasin, is also under investigation. Mr. von Wyss said that over the last five years, between 50 and 100 clients of Ellis placed orders in the stocks or options of the 40 companies that are the subject of the SEC inquiry. He declined to

say how many of those clients are Americans, but added that they "come from all over."

Asked about reports that the Ellis clients earned about \$40 million on trades before takeover announcements, Mr. von Wyss said that the Ellis firm had not calculated any such amount. But he said that it was possible, considering the extent of the trading. He added, however, that such a figure does not take into account losses that Ellis clients sustained on other takeover stocks.

Mr. von Wyss denied that the Ellis firm was guilty of wrongdoing. He said that its clients were more often right than wrong on takeover stocks because the firm gave "good advice — it has good analysts."

His firm became involved in the SEC's investigation in mid-April, he said, after the Justice Department asked the Swiss government for help on an investigation of possible insider trading.

The SEC, however, could be stymied in its investigation by Swiss confidentiality rules. Mr. von Wyss said his firm had asked the SEC to elaborate on why it believes there have been insider trading violations involving Ellis clients. Unless

the SEC can make a good case to the Swiss government, he said, there is no obligation for Ellis to disclose clients' identities.

Ellis, he asserted, is not subject to a mutual understanding on financial disclosure worked out several years ago between the United States and the Swiss because it is not a bank, nor is it a subsidiary of a bank.

The Swiss have disclosed names of six people who traded through Swiss banks in Santa Fe International stock before the takeover. But a special Swiss panel will determine if disclosing more details would harm the economy or banks.

CURRENCY RATES

Late interbank rates on July 24, excluding fees.

Official fixings for Amsterdam, Brussels, Milan, Paris. New York rates at 4 P.M. EDT.

	\$	DM	FF	£	Yen	S.F.	Yen
American dollar	1.00	3.36	6.55	0.70	113.26	136.48	246.08
British pound	0.70	2.31	4.76	1.00	161.48	229.24	400.48
French franc	0.15	0.48	1.00	0.17	26.65	36.36	655.96
German mark	0.25	1.00	2.00	0.24	37.46	50.48	900.48
Italian lira	0.0002	0.0006	0.0012	0.0001	1.36	1.84	33.36
Japanese yen	0.009	0.029	0.058	0.006	1.00	1.36	246.08
Swiss franc	0.70	2.31	4.76	0.70	161.48	229.24	400.48
U.S. dollar	1.00	3.36	6.55	0.70	113.26	136.48	246.08

	Per \$	Per DM	Per FF	Per £	Per Yen	Per S.F.	Per Yen
172 Australian \$	1.22	4.00	7.92	0.99	122.48	156.48	280.48
484 Australian \$	2.17	7.16	14.32	1.78	217.48	280.48	500.48
172 Canadian \$	1.22	4.00	7.92	0.99	122.48	156.48	280.48
172 Danish kr.	1.22	4.00	7.92	0.99	122.48	156.48	280.48
172 Dutch guilder	1.22	4.00	7.92	0.99	122.48	156.48	280.48
172 French franc	1.22	4.00	7.92	0.99	122.48	156.48	280.48
172 German mark	1.22	4.00	7.92	0.99	122.48	156.48	280.48
172 Italian lira	1.22	4.00	7.92	0.99	122.48	156.48	280.48
172 Japanese yen	1.22	4.00	7.92	0.99	122.48	156.48	280.48
172 New York \$	1.22	4.00	7.92	0.99	122.48	156.48	280.48

Source: Reuters. 1.225 Irish £.

1. Commercial bank (2) Amounts needed to buy one pound (3) Amounts needed to buy one dollar (4) 100 (5) Units of 1000 (6) Units of 10000.

2. Not quoted: N.A. and available.

INTEREST RATES

U.S. Treasury Deposits July 24

	1 yr.	2 yr.	3 yr.	4 yr.	5 yr.	6 yr.	7 yr.	8 yr.	9 yr.	10 yr.
11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%

Notes: Available in interbank deposits of \$1 million minimum (for equivalent).

Asian Money Rates

July 24

	1 yr.	2 yr.	3 yr.	4 yr.	5 yr.	6 yr.	7 yr.	8 yr.	9 yr.	10 yr.
11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%

Source: Reuters. 1.225 Irish £.

Key Money Rates

July 24

	1 yr.	2 yr.	3 yr.	4 yr.	5 yr.	6 yr.	7 yr.	8 yr.	9 yr.	10 yr.
11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%

Source: Reuters. 1.225 Irish £.

GOLD PRICES

July 24

	1 yr.	2 yr.	3 yr.	4 yr.	5 yr.	6 yr.	7 yr.	8 yr.	9 yr.	10 yr.
11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%	11% - 11 1/2%

Source: Reuters. 1.225 Irish £.

1. Commercial bank (2) Amounts needed to buy one pound (3) Amounts needed to buy one dollar (4) 100 (5) Units of 1000 (6) Units of 10000.

2. Not quoted: N.A. and available.

Eastman Kodak Company

has made a minority equity investment in each of

ICN Pharmaceuticals, Inc.

and

Viratek, Inc.

The undersigned acted as financial advisor to ICN Pharmaceuticals, Inc. and Viratek, Inc. in connection with this transaction and assisted in the negotiations.

Prudential-Bache
Securities

TAPMAN

MANAGED COMMODITY ACCOUNTS.

BUSINESS ROUNDUP

More Brokers in U.S. Report Losses

Compiled by Our Staff From Dispatches

NEW YORK — E.F. Hutton Group Inc. reported Tuesday that it had a loss of \$7.8 million in the second quarter, compared with profit of \$44.5 million, or \$1.75 a share, a year earlier, while PaineWebber Group Inc. said its second quarter profit fell 10 percent to \$103 million from \$115 million.

PaineWebber Group Inc. said it had a loss of \$4 million in its fiscal third quarter, ended June 30, in contrast to profit of \$23.8 million, or \$1.44 a share, a year earlier.

Revenue was \$377 million, down 9 percent from \$413 million.

On Monday, Merrill Lynch & Co., the largest U.S. brokerage firm, reported that it had a loss of \$33 million in the second quarter, in contrast to profit of \$112.2 million a year earlier.

Also Monday, Dean Witter Reynolds Inc., the fourth-largest U.S. securities firm and a subsidiary of Sears, Roebuck & Co., reported a second-quarter loss of \$25.8 million, in contrast to profit of \$26 million a year earlier. The losses are indicative of problems in the brokerage business.

Climbing interest rates have raised borrowing costs, and depressed the price of stocks and bonds held in inventory.

In addition, trading, which generates commissions, has slowed in recent months.

Last week, First Boston Inc. reported flat second-quarter earnings of \$17.1 million, although on a per-share basis, profit fell to \$1.35, from \$1.46 last year, because of additional shares outstanding. Hutton said revenue was \$592 million, up 3 percent from \$574 million.

ITT Corp. Says Profit Slumped In 2d Quarter

Reuters

NEW YORK — ITT Corp. said Tuesday that second-quarter profit fell 50 percent to \$78.3 million, or 52 cents a share, from \$155.5 million, or 1.03 a share, a year earlier. It said that for the first half, profit fell 46 percent to \$157.6 million, or \$1.04 a share, from \$292.5 million, or \$1.95 a share, a year earlier. Revenue rose 5.1 percent to \$10.3 billion, from \$9.8 billion.

ITT said that second-quarter results confirmed projections made July 10, when the decline in earnings was attributed primarily to the domestic property and casualty insurance business of its subsidiary, Hartford Fire Insurance Co.

The company, which is involved in telecommunications, electronics, natural resources and industrial and consumer products, said earnings were also cut by about \$13 million resulting from the recently settled metalworkers strike in West Germany.

COMPANY NOTES

Asarco Inc., based in New York, reported that a one-time charge for a planned smelter closure caused a loss of \$28.6 million on sales of \$357.2 million for the second quarter, in contrast to profit of \$27.6 million, or 90 cents a share, a year earlier.

Eastman Kodak Co. has entered into a contract to sell emulsion-making and coating technology and manufacturing equipment for a color photographic film and paper plant to be owned and operated by China in Xiamen in Fujian province.

Reno Malaysia Bhd. shares will be suspended from trading indefinitely from Aug. 3 at the company's request, the Stock Exchange of Singapore said, to allow the exchange of certificates following a 2-for-1 split of the company's shares.

John Brown PLC expects to sell its U.S. machine tool subsidiary, Olofson Corp., this year as part of a program of asset sales. The group's managing director, Allan Gormly, said. He said he expects to sell the unit for about \$25 million.

Kimberly-Clark Corp., the paper and consumer products maker of Neebaw, Wisconsin, said earnings were \$58.9 million, or \$1.29 a share, in the second quarter, up 25 percent from \$47 million, or \$1.05 a

share, a year earlier. Sales rose 7.9 percent to \$891 million from \$826 million.

KLM Royal Dutch Airlines said it plans to split each nominal 100-guilder ordinary share into five nominal 20-guilder shares and plans a 1-billion guilder (\$308.64 million) increase in authorized share capital, subject to shareholder approval at the annual meeting on Aug. 16.

Matsushita Electronics Corp. says it has test-produced a high-powered semiconductor laser device that would make it possible to make high-density optical disc memory systems and very efficient optical communication systems.

National Aluminum Co. of India is seeking to raise \$300 million in the Eurodollar market, the state-owned company's chairman, P.K. Basu, said. He said the loan is needed to pay for extra facilities at an aluminum project in Orissa state.

Hoechst AG, a maker of home electrical appliances based in Tokyo, said it has debts of \$2.6 billion yen (\$335.77 million) and has applied to the Tokyo district court to write off 40 percent of the debt and pay the other 60 percent over six years, to start three years after an agreement is reached with creditors.

INTERNATIONAL BOND TRUST

LUXEMBOURG, 2, boulevard Royal
Fonds Commun de Placement

Les porteurs de parts sont informés que suite à l'entrée en vigueur de la loi du 25 août 1968 sur les organismes de placement collectif, la Société de Gestion en accord avec la Banque Dépositaire a adapté le règlement de gestion, dont une version coordonnée a été déposée auprès du Greffe du Tribunal d'Arrondissement de et à Luxembourg où des copies peuvent être obtenues.

Les modifications se rapportent aux articles suivants:

ARTICLE 4 - POLITIQUE D'INVESTISSEMENT

point 2: Les mots "à revenu variable" sont supprimés dans la deuxième ligne.

point 4: Le premier et deuxième alinéa sont remplacés par ce qui suit: "Investir plus de 5% de ses avoirs nets en titres non entièrement libérés à condition que la partie non entièrement libérée de ces titres, ensemble avec les emprunts du Fonds se déprécie pas 10% du total actif net du Fonds. Lorsque les pourcentages fixés par référence aux points (1), (2), (3) et (4) sont dépassés par suite de l'exercice de droits attachés aux titres du portefeuille ou autrement que par achat de titres, la Société de Gestion doit avoir comme objectif prioritaire dans ses opérations de vente la régularisation de la situation du Fonds en tenant compte de l'intérêt des porteurs de parts."

point 7: ce point est remplacé par: "donner en gage tout ou partie des avoirs du Fonds, emprunter, sauf à titre de mesures extraordinaires et urgentes, principalement pour faire face à des demandes de rachat imprévues, le Fonds peut emprunter pour un maximum de 10% de ses avoirs."

ARTICLE 7 - CERTIFICATS DE PARTS

La phrase "Le présent Règlement de Gestion sera imprimé au verso de chaque certificat au porteur ou nominatif" est supprimée.

ARTICLE 13 - DIVIDENDES

La deuxième partie du second alinéa est remplacée par ce qui suit: "... distribuer tout ou partie des plus-values réalisées ou non réalisées et revenant aux Parts de catégorie A, après déduction des moins-values réalisées ou non-réalisées."

ARTICLE 15 - PUBLICATIONS

Le premier alinéa est changé comme suit: "La valeur nette d'inventaire, le prix d'émission et de rachat, ainsi bien des Parts de catégorie A que des Parts de catégorie B sont rendus publiques..."

ARTICLE 16 - DURÉE DU FONDS, LIQUIDATION

La troisième et quatrième phrase du premier alinéa seront changées comme suit: "Cet avis sera publié au Mémorial, Recueil Spécial des Sociétés et des Associations du Luxembourg et dans au moins trois journaux luxembourgeois et étrangers à diffusion adéquate à déterminer ensemble par la Société de Gestion et la Banque dépositaire. L'émission et le rachat des parts sont interdits, dès la survenance du fait entraînant l'état de liquidation du Fonds."

ARTICLE 19 - GARANTIES

Cet article est supprimé.

Power INTERNATIONAL BOND FUND MANAGEMENT COMPANY
Société Anonyme
BANQUE INTERNATIONALE À LUXEMBOURG
Société Anonyme

Bertelsmann In the U.S.

(Continued from Page 9)

on a French satellite, but the French broke off talks in protest over Luxembourg's plans.

Bertelsmann already makes laser videodisks under license from Philips NV, the Dutch electronics company.

Gruner & Jahr, the Hamburg-based publisher of Stern magazine, in which Bertelsmann owns a 74.9 percent interest, led the company's entry into North America in the late 1970s, grabbing two successful magazines, Parents and Young Miss, and a profitable Minnesota-based magazine printer, Brown Printing Co.

Booyed by that success, Bertelsmann followed suit, acquiring Bantam Books, the paperback publisher, in 1980, and Offset Paperback Manufacturers of Dallas, Pennsylvania, in 1981.

But the entry into the United States was not without difficulties. Bantam Books was badly in need of reorganization at a time when the recession and shifts in reader habits were shaking the paperback market. Geo, a glossy science magazine, flopped, costing the company millions of dollars.

BUSINESS PEOPLE

Unit of Trans World Names Hoermann

Hilton International Co. said that Helmut Hoermann, vice president for Cyprus, Greece, Egypt, the Arabian Peninsula and Eastern Africa, has been named executive vice president-operations, a new position. Mr. Hoermann will move from Nicosia to the New York headquarters on Aug. 1. Pierre Jaquillard, vice president for Western Europe and North and West Africa, will become senior vice president for Western Europe, Gulf and Africa, taking over most of Mr. Hoermann's responsibilities. Mr. Jaquillard will continue to be based in Paris. Hilton International, the hotel concern, is one of four companies in Trans World Corp.

IBM World Trade Corp. in Hong Kong has named Joseph F. Movizzo general manager. He succeeds Robert C. Saunders, who will return to the United States. Mr. Movizzo moves to Hong Kong from St. Louis, where he was regional director of marketing. Amex Inc., the diversified U.S.

natural resources group, has made Thomas G. Johnston responsible for the Pacific Basin. He continues as president of the Amex Iron Ore division, based in Sydney, and will direct Amex Asia Ltd., a Tokyo-based sales unit of the metals group. Mr. Johnston succeeds Karl Bergman, who has left the company.

P.T. Kellogg Sriwijaya, a Jakarta-based engineering and construction concern jointly owned by M.W. Kellogg Co. in Houston and Indonesia's state-owned petrochemical agency, has named Donald G. Stokes president-director. He succeeds R. Clark Goode, who was transferred to Amsterdam to be managing director of Kellogg Continental BV.

McDonnell Douglas Corp., the St. Louis-based maker of aircraft, has named John M. Dennison senior representative, Europe. Mr. Dennison is based in Bonn and is responsible for military aircraft marketing. He had been based in St. Louis as marketing manager for the F-15 plane since its inception in 1968.

Honeywell Europe SA has named Ross W. Kennan group director, industrial products group, succeeding Felix Bruggemann, who has become Honeywell's industrial products group manager for Ger-

many, based in Offenbach. Mr. Kennan moves to Honeywell Europe's headquarters in Brussels from Phoenix, where he was director, international industrial sales. Honeywell Inc., with headquarters in Minneapolis, makes aerospace equipment, defense and control products and information systems.

Imperial Chemical Industries PLC has named Jacques R. Bouscarle to the board overseeing its organic division. Mr. Bouscarle is president director general of ICI France SA.

Tasa International Ltd., a Zurich-based personnel consulting concern, has named Nino Ascher managing partner, succeeding Gerhard Simons. The company said Mr. Simons will work on strengthening the coordination of Tasa's activities in the German-speaking part of Switzerland.

—BRENDA HAGERTY in London

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House of Bed
Adjacent to the Washington Marriott
OUR 38th YEAR



To the Holders of

International Income Fund

Short Term 'A' Units

Distribution Units — in Bearer Form

Short Term 'B' Units

Distribution Units — in Bearer Form

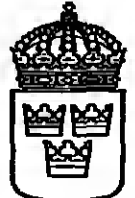
Midland Bank Trust Corporation (Jersey) Limited as Trustee of the above mentioned Fund has declared the following dividends per Unit for the financial period ended 30th June, 1984, payable on 31st July, 1984 in respect of Units in issue on 30th June, 1984:—

Short Term 'A' Units — Distribution Units
US\$0.0416 per Unit — Payable against Coupon No. 6
Short Term 'B' Units — Distribution Units
US\$0.0284 per Unit — Payable against Coupon No. 6
Unit holders should send their Coupons to either the Trustee at 28/34 Hill Street, St. Helier, Jersey, Channel Islands or to one of the following Paying Agents:—
EBC Trust Company (Jersey) Limited, EBC House, 1-3 Seale Street, St. Helier, Jersey, C.I.
Bankers Trust Company, One Bankers Trust Plaza, New York, N.Y. 10005
Banque Générale du Luxembourg S.A., 14 Rue Aldringen, Luxembourg.

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Dated 13th July, 1984.

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Denmark	D.Kr. 1,500	750	410
Finland	F.Fm. 1,120	560	308
France	F.Fr. 1,000	500	280
Germany	D.M. 412	206	115
Greece	Dr. 12,400	6,200	3,450
Ireland	Ir.L. 104	52	29
Italy	Lire 216,000	108,000	59,000
Luxembourg	L.Fr. 7,500	3,650	2,000
Netherlands	Fl. 1,160	580	320
Norway	Nkr. 11,200	5,600	3,080
Spain	Ptas. 17,400	8,700	4,800
Sweden	S.Kr. 1,120	560	308
Switzerland	S.Fr. 372	186	102
Rest of Europe, North Africa, Japan			
Polynesia, Middle East	\$ 284	142	78
Rest of Africa, Canada, Latin America, Gulf States, Asia	\$ 396	198	109

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July 1984

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张国强	男	52	河南	干部	XX巷XX号	
刘小红	女	28	江苏	护士	XX里XX号	
陈大伟	男	35	浙江	商人	XX坊XX号	
赵子龙	男	40	安徽	农民	XX村XX号	
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吴建国	男	48	江西	工人	XX路XX号	
孙丽娟	女	25	湖南	学生	XX巷XX号	
郑文彬	男	30	福建	教师	XX里XX号	
马小芳	女	22	广东	护士	XX坊XX号	
徐大刚	男	33	广西	商人	XX村XX号	
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宋美玲	女	31	陕西	教师	XX坊XX号	
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WHAT WOULD LIFE BE LIKE
WITHOUT IT?
WEEKEND
EACH FRIDAY IN THE IHT

Over-the-Counter

July 24**NASDAQ National Market Prices**[illegible]

Company Earnings

Revenue and profits, in millions, are in local currencies unless otherwise indicated

Japan

Asahi Chemical

Revenue 194.1
Net Inc. 77.0
Per Share 13.30
Profits 13.30
Per Share 1.33

Mitsubishi Oil

Revenue 194.1
Net Inc. 10.0
Per Share 1.00
Profits 10.00
Per Share 1.00

Nissan Motor

Revenue 194.1
Net Inc. 74.10
Per Share 1.34
Profits 74.10
Per Share 1.34

Nissio Iwai

Revenue 194.1
Net Inc. 8.3
Per Share 0.40
Profits 8.3
Per Share 0.40

Shionogi

Revenue 194.1
Net Inc. 1.0
Per Share 0.05
Profits 1.00
Per Share 0.05

United States

Allegheny Power

Revenue 222.1
Net Inc. 42.0
Per Share 0.84
Profits 42.00
Per Share 0.84

Asarco

Revenue 194.1
Net Inc. 10.0
Per Share 1.00
Profits 10.00
Per Share 1.00

Ashtland Oil

Revenue 194.1
Net Inc. 10.0
Per Share 1.00
Profits 10.00
Per Share 1.00

ARCO

Revenue 194.1
Net Inc. 40.0
Per Share 1.00
Profits 40.0
Per Share 1.00

Avon Products

Revenue 194.1
Net Inc. 42.0
Per Share 0.84
Profits 42.00
Per Share 0.84

Cabot

Revenue 194.1
Net Inc. 24.0
Per Share 0.48
Profits 24.00
Per Share 0.48

Charter

Revenue 194.1
Net Inc. 1.0
Per Share 0.05
Profits 1.00
Per Share 0.05

Chubb

Revenue 194.1
Net Inc. 1.0
Per Share 0.05
Profits 1.00
Per Share 0.05

City Investing

Revenue 194.1
Net Inc. 1.0
Per Share 0.05
Profits 1.00
Per Share 0.05

Computers

Revenue 194.1
Net Inc. 1.0
Per Share 0.05
Profits 1.00
Per Share 0.05

Cons. Edison

Revenue 194.1
Net Inc. 1.0
Per Share 0.05
Profits 1.00
Per Share 0.05

Cons. Freights

Revenue 194.1
Net Inc. 1.0
Per Share 0.05
Profits 1.00
Per Share 0.05

Dart & Kraft

Revenue 2,410.1
Net Inc. 2.3
Per Share 2.10
Profits 2.30
Per Share 0.21

Detroit Edison

Revenue 49.3
Net Inc. 6.3
Per Share 0.50
Profits 6.30
Per Share 0.50

Diam. Shamrock

Revenue 2,270.1
Net Inc. 1.20
Per Share 0.00
Profits 1.20
Per Share 0.00

Donaldson Lufkin & Lytle

Revenue 118.1
Net Inc. 118.1
Per Share 0.40
Profits 118.1
Per Share 0.40

Dravo

Revenue 215.1
Net Inc. 215.1
Per Share 2.30
Profits 215.1
Per Share 2.30

Exxon

Revenue 2,410.1
Net Inc. 2.3
Per Share 2.10
Profits 2.30
Per Share 0.21

GATX

Revenue 22.2
Net Inc. 22.2
Per Share 2.22
Profits 22.2
Per Share 2.22

General Re

Revenue 2,410.1
Net Inc. 2.3
Per Share 2.10
Profits 2.30
Per Share 0.21

Goodyear Tire

Revenue 2,410.1
Net Inc. 2.3
Per Share 2.10
Profits 2.30
Per Share 0.21

Gould

Revenue 194.1
Net Inc. 1.0
Per Share 0.05
Profits 1.00
Per Share 0.05

Gulf State Util.

Revenue 194.1
Net Inc. 1.0
Per Share 0.05
Profits 1.00
Per Share 0.05

Hutton (E.F.)

Revenue 194.1
Net Inc. 1.0
Per Share 0.05
Profits 1.00
Per Share 0.05

ITT

Revenue 194.1
Net Inc. 1.0
Per Share 0.05
Profits 1.00
Per Share 0.05

IU Int'l

Revenue 194.1
Net Inc. 1.0
Per Share 0.05
Profits 1.00
Per Share 0.05

Johnson Controls

Revenue 316.1
Net Inc. 9.77
Per Share 0.37
Profits 9.77
Per Share 0.37

Kansas City Power & Light

Revenue 162.0
Net Inc. 1.82
Per Share 1.82
Profits 1.82
Per Share 1.82

Knight-Ridder

Revenue 179.1
Net Inc. 27.0
Per Share 1.00
Profits 27.0
Per Share 1.00

Lubrizol

Revenue 118.1
Net Inc. 118.1
Per Share 0.40
Profits 118.1
Per Share 0.40

Marshall McLuhan

Revenue 194.1
Net Inc. 194.1
Per Share 1.94
Profits 194.1
Per Share 1.94

Merrell Lynch

Revenue 103.2
Net Inc. 103.2
Per Share 1.03
Profits 103.2
Per Share 1.03

Morris-Knudsen

Revenue 40.0
Net Inc. 40.0
Per Share 4.00
Profits 40.0
Per Share 4.00

New England

Revenue 194.1
Net Inc. 194.1
Per Share 1.94
Profits 194.1
Per Share 1.94

N.Y. State Elec.

Revenue 202.2
Net Inc. 1.05
Per Share 1.05
Profits 1.05
Per Share 1.05

New York Times

Revenue 306.6
Net Inc. 0.70
Per Share 0.70
Profits 0.70
Per Share 0.70

Paccor

Revenue 194.1
Net Inc. 1.0
Per Share 0.05
Profits 1.00
Per Share 0.05

Paine Webber

Revenue 194.1
Net Inc. 1.0
Per Share 0.05
Profits 1.00
Per Share 0.05

Phibco-Salomon

Revenue 194.1
Net Inc. 1.0
Per Share 0.05
Profits 1.00
Per Share 0.05

Pittston

Revenue 194.1
Net Inc. 1.0
Per Share 0.05
Profits 1.00
Per Share 0.05

Computerized Resorts

(Continued from Page 9)

up with what their children are doing with computers.

U.S. executives are just as keen as European executives. "Americans don't know it all. They come to learn as well," said Mr. Tournaire. He taught computer classes at Club Med's La Caravelle in Guadeloupe, where 90 percent of the guests are from the United States. One U.S. executive who stayed at

Vittel and attended the computer classes is planning to deduct the cost from his income tax.

Not everybody is enthusiastic about computer classes on vacation. At Vittel, about 10 percent of the guests attend courses. "That's all I do all year," said Henri Desfontaine, a product manager for Eram, a French shoe manufacturer and director of the company's plant in Portugal. "I've been dealing with computers for 25 years."

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Quotations Supplied by Funds Listed

The net asset value quotations shown below are supplied by the Funds listed with the exception of some funds whose quotes are based on issue prices. The following marginal symbols indicate frequency of quotations supplied for the IHT:

ALMAL MANAGEMENT		AI-Mat Mgr Trust, SA	\$172.29
BANK JULIUS BAER & CO. LIG			
(a) Bank	\$F 862.25		
(b) Euro	\$F 862.25		
(c) Euro	\$F 862.25		
(d) Euro	\$F 862.25		
(e) Euro	\$F 862.25		
(f) Euro	\$F 862.25		
(g) Euro	\$F 862.25		
(h) Euro	\$F 862.25		
(i) Euro	\$F 862.25		
(j) Euro	\$F 862.25		
(k) Euro	\$F 862.25		
(l) Euro	\$F 862.25		
(m) Euro	\$F 862.25		
(n) Euro	\$F 862.25		
(o) Euro	\$F 862.25		
(p) Euro	\$F 862.25		
(q) Euro	\$F 862.25		
(r) Euro	\$F 862.25		
(s) Euro	\$F 862.25		
(t) Euro	\$F 862.25		
(u) Euro	\$F 862.25		
(v) Euro	\$F 862.25		
(w) Euro	\$F 862.25		
(x) Euro	\$F 862.25		
(y) Euro	\$F 862.25		
(z) Euro	\$F 862.25		
BANK WIND ENH2 & CH AG, P 822.25			
(a) CSF Fund	\$F 822.25		
(b) CSF Fund	\$F 822.25		
(c) CSF Fund	\$F 822.25		
(d) CSF Fund	\$F 822.25		
(e) CSF Fund	\$F 822.25		
(f) CSF Fund	\$F 822.25		
(g) CSF Fund	\$F 822.25		
(h) CSF Fund	\$F 822.25		
(i) CSF Fund	\$F 822.25		
(j) CSF Fund	\$F 822.25		
(k) CSF Fund	\$F 822.25		
(l) CSF Fund	\$F 822.25		
(m) CSF Fund	\$F 822.25		
(n) CSF Fund	\$F 822.25		
(o) CSF Fund	\$F 822.25		
(p) CSF Fund	\$F 822.25		
(q) CSF Fund	\$F 822.25		
(r) CSF Fund	\$F 822.25		
(s) CSF Fund	\$F 822.25		
(t) CSF Fund	\$F 822.25		
(u) CSF Fund	\$F 822.25		
(v) CSF Fund	\$F 822.25		
(w) CSF Fund	\$F 822.25		
(x) CSF Fund	\$F 822.25		
(y) CSF Fund	\$F 822.25		
(z) CSF Fund	\$F 822.25		
BONDIE INDOQUE			
(a) Divers	\$F 819.50		
(b) FIF - America	\$F 819.50		
(c) FIF - Europe	\$F 819.50		
(d) FIF - Pacific	\$F 819.50		
(e) FIF - Pacific	\$F 819.50		
(f) FIF - Pacific	\$F 819.50		
(g) FIF - Pacific	\$F 819.50		
(h) FIF - Pacific	\$F 819.50		
(i) FIF - Pacific	\$F 819.50		
(j) FIF - Pacific	\$F 819.50		
(k) FIF - Pacific	\$F 819.50		
(l) FIF - Pacific	\$F 819.50		
(m) FIF - Pacific	\$F 819.50		
(n) FIF - Pacific	\$F 819.50		
(o) FIF - Pacific	\$F 819.50		
(p) FIF - Pacific	\$F 819.50		
(q) FIF - Pacific	\$F 819.50		
(r) FIF - Pacific	\$F 819.50		
(s) FIF - Pacific	\$F 819.50		
(t) FIF - Pacific	\$F 819.50		
(u) FIF - Pacific	\$F 819.50		
(v) FIF - Pacific	\$F 819.50		
(w) FIF - Pacific	\$F 819.50		
(x) FIF - Pacific	\$F 819.50		
(y) FIF - Pacific	\$F 819.50		
(z) FIF - Pacific	\$F 819.50		
BRITANNIA P.O.B. 71, St. Helier			
(a) Britl	\$F 819.50		
(b) Britl	\$F 819.50		
(c) Britl	\$F 819.50		
(d) Britl	\$F 819.50		
(e) Britl	\$F 819.50		
(f) Britl	\$F 819.50		
(g) Britl	\$F 819.50		
(h) Britl	\$F 819.50		
(i) Britl	\$F 819.50		
(j) Britl	\$F 819.50		
(k) Britl	\$F 819.50		
(l) Britl	\$F 819.50		
(m) Britl	\$F 819.50		
(n) Britl	\$F 819.50		
(o) Britl	\$F 819.50		
(p) Britl	\$F 819.50		

Italian Jobless Rate Up 0.5%

ROME—Italy's unemployment rate rose to 10.4 percent in April from 9.9 percent in January, the national statistics institute, Istat, said in its quarterly report on unemployment. The rate in April last year was 9.9 percent.

**COMMONWEALTH OF THE BAHAMAS
IN THE SUPREME COURT
Equity Side**

**IN THE MATTER OF
BANCO AMBROSIANO OVERSEAS LIMITED
(IN LIQUIDATION)**

IN THE MATTER OF
THE COMPANIES ACT (CHAPTER 184)

NOTICE TO CREDITORS
OF INTENTION TO DECLARE DIVIDEND

Rule 68 of The Companies (Winding-Up) Rules, 1975.
 TO: All Creditors who have not yet proved their claims.
 NOTICE is hereby given that a second dividend is intended to be declared in the above matter. You are mentioned as a Creditor in the Statement of Affairs, but have not yet proved your claim.
 If you do not prove your claim by the 17th day of August, 1984, you will be excluded from this dividend.
 DATED this 16th day of July, 1984.

GEORGE CLIFFORD CULMER
GEOFFREY ADAMS DINWIDDIE
JOHNSTONE
JOHN FORSYTH SMITH

Official Liquidators
P.O. Box SS-6347,
Newport, Rhode Island

INDONESIA

TENDER NOTICE 07.2 A/B
EQUIPMENT LOAN NUMBER 2079-IND

The Government of Indonesia has received a loan from the World Bank of approximately US\$ 185 million to develop an open pit mine at Bukit Asam, South Sumatra, to provide coal to an 200 megawatt steam power generating plant presently under

Part of the proceeds of this loan will be used towards eligible contract payments for the acquisition of specific equipment and this notice is the invitation to bid on the

Package 07.2 A/B — Electrical Shop and Support Equipment Consisting of:

Winding Machine for AC Motors and Transformers 1 each, Motor Armature Bending and Winding Machine, DC-Coil Forming Machine, Set Up Plate, Repair Stand, and Dynamic Balancing Machine 1 each.

Test set for Motors up to 200 KW
Shop Vacuum Cleaners 4 each and Gear Test Stand 1 each.

demographic and country Indonesian service and spare parts facilities. All quantities above are approximate. Only companies and other goods produced in member countries of the World Bank. Some items of interest will be eligible to bid.

Bad documents will be available at the non-refundable cost of US\$ 50.00 from July 18th 1996 until August 14th, at the address below:

BAMCO

Producing Manager
Luz Silvestre N. Jr.

Rafikhan Rafikhan
Rafikhan — Jember
Rafikhan

0124 45459 BANC

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Abstract

